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R. WILSON-SMITH.
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THE GENERAL FINANCIAL SITUATION.

The bulk of the Transvaal gold offered in London on Monday—\$3,750,000—was taken by the Bank of England. Bank rate has been maintained at 3 per cent. Discount rates in the London market are about the same as last week, short bills being quoted $2\frac{7}{8}$, and three months bills, $2\frac{7}{8}$. Call money is quoted $2\frac{1}{4}$ p.c. Unsettlement regarding the labor question in London is still affecting the money market. The employers and the transport workers have failed to reach an agreement. The former have received many manifestations of public support and doubtless these have encouraged them to seize the opportunity of checking the aggressive movements of the labor unions. It appears too that their efforts to break the strike would be successful, as many of the sub-organizations and auxiliary organizations of workmen throughout the country have refused to obey the strike orders of the London leaders. The British Government cannot in this instance suggest any action in the nature of coercing the employers without losing much political support throughout England.

In Paris discounts in the market are quoted $2\frac{7}{8}$ while the Bank of France continues to quote 3 p.c. In the Berlin market discounts are 4 p.c. The Reichsbank on Tuesday reduced its rate to $4\frac{1}{2}$. The 5 p.c. rate had been in force for nearly 9 months—from September 19, 1911 to June 11, 1912. The reduction this week was accompanied by a warning by the Reichsbank directors, addressed to the German banks generally, to the effect that they should not take advantage of the rate reduction to grant excessive credits. According to the cable dispatch announcing the change of rate, if the banks heed the Reichsbank's warning the $4\frac{1}{2}$ p.c. official discount rate, now established, can be maintained until autumn; but if the banks expand too much it is hinted that the 5 p.c. rate will be restored within a few weeks.

In New York call loans are $2\frac{3}{4}$; sixty day loans, 3 p.c.; ninety days, 3 to $3\frac{1}{4}$; six months, $3\frac{1}{2}$ to $3\frac{3}{4}$. These rates are practically the same as last week's. The clearing house institutions effected a notable increase in their reserve strength. According to the Saturday statement the loans increased \$26,300,000, cash increased \$8,900,000, net deposits increased \$22,400,000, and excess cash reserves increased \$5,047,800—from \$25,506,100 to \$30,553,900. In the case of the banks alone the loans increased \$1,275,000, cash increased \$5,060,000, and surplus rose \$3,758,750. It stands now at \$27,642,500. The Wall Street stock market has been dull and featureless, except for a measure of liquidation at the beginning of the week. One unfavorable feature was the Government crop report. Politics also have to be kept constantly in mind. The developments of the week have apparently been reassuring in that the preliminary movements in connection with the big Republican gathering at Chicago have resulted in a setback to the radical elements within the party. However, the market will not be able to tell definitely what will happen to the Roosevelt boom until the convention nominates its candidate. In the meantime the reserves of the banks in New York are being slowly strengthened, the iron and steel industry and other important industries are gradually improving. In connection with the matter of the interest rates officially quoted on the Stock Exchange in New York a well-informed evening paper the other day referred to a curious development. It mentioned as a fact that the rates quoted daily for call loans applied only to a very small aggregate of business put through on the floor which might amount to \$50,000, \$100,000, \$200,000 or more of loans. The great body of transactions every day consists of the so-called renewals of call loans negotiated direct between the banks and the borrowing brokers. Thus the broker will get notice by 'phone that the rate for the day on his call loan would be so and so. Brokers have complained