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R. WILSON-SMITH, *Proprietor.* ARTHUR H. ROWLAND, *Editor.*

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## EXCHANGE MOVEMENTS AND THE BANKS' CURRENCY.

Of the June bank statement it can be said that it does not hold much promise of immediate relaxation of the tension in the Canadian money markets. There was a slight drop in the percentage of available assets to liabilities; and as the Bank of Montreal has redeemed something like $20,000,000 of Canadian Pacific's 5 p.c. bonds since 30th June, presumably paying cash or its equivalent for the greater part, it would not be strange if that transaction served to further reduce the balances carried by our banks in London and New York.

### MOVEMENT OF NEW YORK EXCHANGE.

Another point to be considered in connection with the home money market is the situation as regards New York exchange in the Montreal and Toronto markets. Latterly New York funds have been quoted at a premium—the quotations hovering near the gold export point. As a matter of fact some gold was shipped to New York this month. Now it has been expected in some quarters that July or August would witness a movement of gold in the opposite direction—from New York to Montreal. The extra demand for currency to move the Western crops sets in in the beginning of September; and the supposition was that the banks would probably bring in gold from New York for the purpose of depositing with trustees of the central gold reserve, in order that they might freely issue notes in excess of paid-up capital.

### ORDINARY CURRENCY ISSUES ALMOST EXHAUSTED.

It is yet possible that the exchange market may reverse its position in regard to New York funds in the six weeks before the demand for currency makes itself strongly felt in our wheat fields. Although the margin of ordinary issue power of the banks as at June 30th was about a million dollars greater than at the same date in 1912, nearly all of the banks were pressing closely upon their ordinary limits, and probably all of them will have to over-issue, either subject to tax or subject to gold deposits, in the course of the next two or three months. Thus the Commerce had an unused margin of $1,600,000; the Montreal, $700,000; the Royal, Nova Scotia, and Northern Crown, $600,000; the British, $500,000; the Hochelaga and Molsons, $400,000; and all the others, $3000,000 or less. That was the position at the end of June. The chances are that at the present time the ordinary issues are practically exhausted in the case of many of the banks; and in August the new plan of issuing against gold may be in operation. Money rates in Canada are unchanged; call loans in Montreal and Toronto rule at 6 to 6½ p.c., and commercial advances command 6 to 7.

### EUROPEAN DEVELOPMENTS.

The monetary situation in Europe has been devoid of sensational features. London bank rate stands at 4½ p.c. In the open market call money is quoted 2¾ p.c.; short bills are 3¾ p.c.; and three months' bills, 4 to 4 1-16. The bulk of the $3,500,000 new gold offered on Monday was taken by the Bank of England. This is regarded as fairly satisfactory evidence that the situation on the Continent is clearing. During the week the sentiment at London, Paris and Berlin has improved materially. One effect of the improvement was seen in the brightening up of the Wall Street market. It has been understood that European selling was largely responsible for the low prices in New York; and that being the case it would be but reasonable to expect recovery in Wall Street to follow upon improvement in the European situation.

### THE BITER BIT.

Bank of France rate is still 4 per cent. and that of the German Reichsbank, 6 p.c. Private rate in Paris is 3¾ and in Berlin 4¾. Bulgaria has given in to the combination of Balkan states, and once more the European chancellories are permitting themselves to hope for peace. However, Turkey is said to have