

# The Chronicle

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## EFFECTS OF THE HARVEST.

Good weather for harvesting operations has prevailed in the Western Provinces, and every day sees a large addition to the proportion of the crop that is safely gathered. It seems certain now that the total value of wheat, oats, barley and flax available for marketing this fall and winter in the three grain producing provinces west of Lake Superior will be in the neighborhood of \$200,000,000. That is a vast sum for a comparatively small population to receive. And the realization of the cash proceeds of the harvest must needs have a profound effect on the economic system of the Dominion. The effect will be all the more beneficial because of the fact that speculation in stocks, real estate, etc., has been reduced to small compass. Because of that circumstance it is reasonably certain that the cash proceeds of crop sales will not be applied to the purpose of pyramiding liabilities.

### FUTURE BORROWINGS.

So far as money markets in Montreal and Toronto are concerned very little change is to be noted. Call money is  $5\frac{1}{2}$  to 6 per cent. and commercial paper 6 to 7 per cent. Although the newspapers give

considerable prominence to the opinions of Canadian financiers returned from Europe, to the effect that the market for our securities in London is in process of rehabilitation, it is understood by all our borrowing corporations and governments that it will not be possible to place large amounts of new bonds or debentures abroad unless the rates of interest applying thereto are somewhat higher than a year or two ago. The president of the Dominion Textile Company admitted the other day that the company's business was not quite so active as a year ago. That description applies also to various other important industries and lines of trade. Expansion has been replaced by a period of temporary contraction. When the process goes a little further there should be a notable easing of the money markets.

### EUROPEAN POSITION.

In the London market, supplies of money were more abundant but rates have not fallen to any extent. Call money is quoted 2 to  $2\frac{1}{2}$  p.c.; short bills are 3 9-16 p.c.; and three months' bills, 3 11-16 to  $3\frac{3}{4}$ . Bank rate is held at  $4\frac{1}{2}$  p.c. The Bank of France quotes 4, and the Imperial Bank of Germany, 6 p.c. Discounts in the private market at Paris are  $3\frac{3}{4}$  p.c.; and at Berlin,  $4\frac{3}{4}$  to 5 p.c.

London is experiencing considerable relief over the lightness of the American drawings. New York bankers had made arrangements for drawing finance bills on their London correspondents quite extensively for the purpose of crop financing. But the use of United States Treasury funds is making it unnecessary to put out the finance bills on London to the extent that was expected. That is one potent cause of the easier tendency noted in the London money market. Of course, there are some American finance bills coming forward, but the volume is not as large as expected; and the London banks that had prepared to accept extensively find that they have more funds available for their home market.

### NEW YORK POSITION.

Call loans in New York are about as last week,  $2\frac{3}{8}$  per cent. Sixty day loans are 4 p.c.; ninety days,  $4\frac{1}{2}$  p.c.; and six months, 5 p.c. With the publication of the Saturday statement of the clearing house institutions in the big American centre was disclosed a heavy loss of reserve strength. In case of banks and trust companies loans expanded \$30,000,000; and cash holdings decreased \$13,770,000. The result was a decline in the surplus from \$23,895,700 to \$5,089,100—the decrease being \$17,084,000. The banks alone reported loan expansion of \$15,857,000 and cash loss of \$14,500,000—the decrease in surplus amounting to \$15,170,000. The loss of cash is ascribed to the movement of currency from New York to the interior for crop moving purposes. And the loan expansion would be accounted for, in part at any rate, by the preparations for the September dividend and interest payments.