

# The Chronicle

## Banking, Insurance and Finance

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F. WILSON-SMITH, ARTHUR H. ROWLAND,  
Proprietor. Editor.

Office:

406-408 LAKE OF THE WOODS BUILDING,  
10 ST. JOHN STREET, MONTREAL.

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## A GLOOMY WEEK.

Unsettlement and depression among Canadian industrials characterized the home financial markets during the past week. A well equipped bear faction in Toronto gets credit for making large profits by means of short sales of industrial stocks which have declined heavily. The traders belonging to this faction are said to have been among the first to sell Dominion Cannery prior to its recent drop; and their selling orders have been in evidence also in case of the Nova Scotia Steel movements of the present week. Of course the trade depression is primarily responsible for much of the weakness in industrial stocks. The falling off in orders has affected the several industries severely, especially the iron and steel industry.

### THE LONDON FAILURES.

Then all classes of Canadian securities have been affected adversely by the breakdown of the Grenfell companies in London. These companies have taken a very prominent part in placing Canadian issues in the overseas markets, and there is no doubt they will be missed.

The failures have precipitated heavy declines in

quotations for debentures of the Southern Alberta Land Co. which are rather widely held in England. When British investors have suffered losses in connection with so many of their Canadian ventures, it is unfortunate that a fresh case of this kind should be encountered.

### FAVORABLE CROP OUTLOOK.

In Canada itself it does not appear that the depression is growing any worse. Many of the financial and industrial leaders declare that they see signs of improvement. It is certain that the crop outlook in the Eastern and Western provinces is extremely favorable, and if June continues to furnish good weather the crop prospects ought to stimulate trade to some extent in July and August. The bank clearings for May make a fair showing as compared with preceding months in 1914, but they are 10 per cent. less than in May 1913—the heaviest decreases being in the Western cities. Railway earnings for the last week of May and first week of June continue to show important decreases, and apparently there is nothing in sight to cause marked improvement for some months yet.

### LESSENER DEMAND FOR BANK CREDITS.

Although the banks are still carrying large loans for account of important industrial concerns, the demands on them for fresh credits are not at all extensive. On the whole the mercantile and industrial concerns are probably giving up capital instead of absorbing it. Most of them are intent upon collecting accounts, reducing stocks of merchandise and reducing expenses. Then the state of affairs existing in the stock market is making for cheaper money, or at any rate for lessened demand for bank credits. Call loans in Montreal and Toronto are quoted 5½ to 6 per cent., and mercantile loans and discounts range from 6 to 7 per cent. as heretofore.

### LONDON'S POSITION.

The London market has not been unduly disturbed or upset over the banking failures above referred to. Call money is quoted 1½ to 2 per cent., short bills are 2 5-8 per cent., and three months' bills 2 11-16 to 2¾. Bank rate is maintained unchanged at 3 per cent. The Bank of France and the Imperial Bank of Germany also maintain their official rates unchanged—the former at 3½ and the latter at 4 per cent. In the open market at Paris 2¾ per cent. is quoted for discounts, and the same rate prevails in the Berlin market. Besides the London failures the European markets have been obliged to take account of an unsatisfactory condition of affairs in Paris and a weak position in Austria.

### NEW YORK SITUATION.

In New York call loans are 1 7-8 to 2 per cent.; sixty day loans, 2 to 2¼ per cent.; ninety days, 2¼ to 2½; and six months, 3 to 3¼ per cent. In their Saturday statement the clearing house institu-