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THE GENERAL FINANCIAL SITUATION.

(Continued from Front Page).

dian Board of Grain Supervisors, for all Canadian wheat available for export—in other words for the surplus production. That guarantee would require the Government to take and pay for such grain as is destined for export to the Mother Country or France; and any grain so paid for by the Government would absorb home funds. It may be the case that the early deliveries of grain in the West have been allotted to Canadian millers for home consumption purposes. Financial arrangements with Britain being uncompleted, the millers may have been permitted to buy for their own needs all the wheat coming in during the first stages of crop moving. They would thus make a market for the grain, and if they were allowed to take it all, the Dominion Government would not be called upon to implement its guarantee. Then perhaps in October, when the heavy movement commences, arrangements may be completed for financing the shipments abroad by means of New York exchange.

The money situation in New York remains unchanged. Clearing house banks in their Saturday statement reported a decrease of \$18,000,000 in excess reserves, bringing the total down to \$46,800,000. Loans decreased \$14,100,000; reserve in Federal Reserve Bank decreased \$15,900,000; net demand deposits increased \$22,000,000; Government deposits decreased \$82,000,000.

FINANCIAL SITUATION IN NEW YORK

As an indication that the new War Loan in the United States is absorbing all attention, the financial market, in common with all branches of business and industry, will be under restraint made necessary by a national campaign to secure a large over subscription for the greatest government loan ever attempted in any country. Until the loan has been fully subscribed there will be no funds available for other purposes. The New York Journal of Commerce says:—

Most Stock Exchange houses are, as a settled policy, refusing all large orders even from their most valued clients, except such orders contemplate cash payments or very close to a full cash basis. The risk otherwise would be too great and the conditions too delicate to pursue any other course even if whole-souled patriotism were not the sole incentive. As is well known, every member of the Stock Exchange must file at the close of business each day a

complete statement of his own and his firm's borrowings, including not only demand loans but those having fixed maturities. These reports are for the information of the Money Committee which has charge of the distribution of all funds in New York at the present time and which is working in close co-operation with the Federal Reserve Bank. Thus there exists an agency able at a day's notice to stop completely the first signs of an outburst of speculation. Should any firm violate the edict against speculation—and what is probably equally as true, should any firm be suspected of violation—it might as well go out of business for the period of the war. Its ability to borrow new funds not only would be at an end but the banks would find it necessary, most probably, to call in funds already outstanding. It is understood that the books of some commission houses have been examined for the purpose of checking up on suspicions that they were party to speculative operations.

With all these restrictions there is no intention, if such a result can be avoided, of limiting transactions to an extent sufficient to impair the security markets as an agency for necessary buying and selling of securities. One of the greatest and most useful functions of the New York Stock Exchange is predicated on the fact that it affords a market place through which stocks and bonds and other financial instruments may be instantly turned into cash at the full market rate. Should its efficiency in this direction become impaired there would at once arise a strain on credit which it would be difficult to overcome. The banks and other lenders, as is well known, take as security Stock Exchange collateral at a safe margin from the ruling price indicated by the quotations established by sales on the exchange. They know that if their loans are not paid the very moment they are due they can sell through the Stock Exchange the securities, and receive proceeds probably in excess of their loans. Thus they are fully protected. But if there were any doubt of the market remaining an open and free one there necessarily would be an immediate and severe restraint upon loans of this character.

PULP AND PAPER INDUSTRY OF CANADA.

The Dominion Bureau of Statistics has just completed a census for 1917 of the pulp and paper industry throughout Canada, and the figures are particularly timely in view of the current discussion on the paper situation.

Altogether the census embraced 80 concerns, of which 31 were in the manufacture of pulp only, 26 in the manufacture of paper only, and 23 manufacturing both pulp and paper.

The total capital invested in this industry, including land, buildings, machinery, stocks on hand and "working" capital, amounted to \$186,374,905.

The total number of employees on wages was 20,685 males and 671 females; on salaries, 1,345 males and 218 females. The total salary and wages bill was \$20,344,286.

The aggregate value of production in 1917 was \$96,248,824.

Great Britain is now spending \$9,305,000,000 a year on her Army, her Navy, her Air Services, and her munitions' factories and supplies, and yet she has advanced loans to her Allies amounting in the aggregate to \$8,160,000,000.