

The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881.

PUBLISHED EVERY FRIDAY.

R. WILSON-SMITH.

ARTHUR H. ROWLAND

Proprietor.

Editor.

Chief Office:

GUARDIAN BUILDING, 160 ST. JAMES STREET,

MONTREAL.

Annual Subscription, \$3.00. Single Copy, 10 cents

MONTREAL, FRIDAY, DECEMBER 20, 1912.

INDEX TO PRINCIPAL CONTENTS

	PAGE
Notes of the Week.....	1829
General Financial Situation.....	1831
Merchants' Bank Meeting.....	1833
Revision of Bank Act.....	1835
Manufacturers' Campaign against Fire Waste.....	1835
Recent Development of the Royal Bank.....	1837
Interest Earnings of Life Companies.....	1839, 1841
Bank of Ottawa.....	1843
F. W. Anthony Again.....	1843
Banque d'Hochelaga.....	1845
Retirement of Mr. James H. Scott.....	1845
Insurance Briefs.....	1847
Canadian Fire Record.....	1847
Stock Exchange Notes, Bank and Traffic Returns....	1855
Stock and Bond Lists.....	1857, 1859
Annual Statements:—	
Merchants' Bank.....	1848
Royal Bank.....	1851
Bank of Ottawa.....	1852
Banque d'Hochelaga.....	1854

THE GENERAL FINANCIAL SITUATION.

America did not bid for the new gold arriving in London at the beginning of the week. Intimations had been given that the English bank would consider it "disturbing" if the demand from other countries was at all vigorously pressed; and there were hints of a 6 p.c. bank rate. These hints and intimations were not ignored—the competition for the incoming metal was of the mildest description. Germany took \$750,000 and the Bank of England secured the remainder, which amounted to \$3,250,000. Bank rate is unchanged at 5 p.c. In the open market call money is $3\frac{3}{4}$ to 4 p.c.; short bills are $4\frac{5}{8}$ to $5\frac{1}{8}$ p.c.; and three months' bills 5 p.c.

* * * *

At Paris the Bank of France quotes 4 and the private rate is 4. Considerable pressure has been in evidence in this market. Probably it has been intensified by the refusal of the Bank of France to pay gold. Since the Balkan scare commenced, the bank

has reverted to a policy frequently followed by it in the past. It would not pay gold in large amounts except for a commission which has been as high as 1 p.c. Small payments it made in silver; and when gold was wanted in a small payment, perhaps half gold and half silver would be given. This attitude of the Bank of France, of course, compelled the credit banks to pay silver also. Consequently those who have had to handle large sums have been obliged in some cases to employ wheelbarrows or waggons to dispose of the amounts. The state of affairs illustrates the "advantages" of bi-metallism in a country wherein the practice of paying by cheque is not well developed.

* * * *

Bank rate at Berlin is 6 p.c.; and private rate is 6. All the European countries are following very closely the deliberations of the Peace Congress which has just opened at London. If the delegates succeed in reaching a satisfactory agreement regarding the disposition of the Turkish territory in possession of the allies, and if that agreement is accepted by the other interested powers, financial Europe will breathe more freely.

* * * *

Call money in New York is quoted $4\frac{1}{2}$ p.c. Sixty day loans are 6 per cent.; ninety days, 6 per cent.; six months, $5\frac{1}{2}$ per cent. The clearing house institutions were able to report a further satisfactory gain in reserve strength. Their loans show contraction of \$7,735,000; and the cash rose \$4,670,000. Thus the excess cash reserve increased \$5,050,000 and now stands at \$8,074,000. In the case of the banks alone the loan contraction amounted to \$2,883,000 and the cash gain was \$6,550,000, so the surplus increased \$5,832,000. There is no doubt the heavy liquidation of the past two or three weeks has improved the bank position quite notably. Notwithstanding that London has been practically shut against the American enquiries for gold, the United States Treasury officials have taken no steps to relieve the situation. They have been sitting down on their surplus of gold while borrowers of all classes have been muled in high interest rates. Canada has reason to be thankful that she has not a fiscal system under which the collection of Government revenue serves to remove large amounts of cash from the reach of the borrowing public. The Secretary of the Treasury, who has control of the Government store of gold, is too apt to give consideration to the political aspects of his movements. He is well aware of the popular hostility to the money power and he fears he will be criticised for "helping the banks" if he deposits public funds in the big New York institutions. So he does nothing; and the consequence is that borrowers have to pay fancy rates. It is the borrowers rather than the banks who are injured by his inaction. The banks can get along all right