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

Office:

406-408 LAKE OF THE WOODS BUILDING,
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GENERAL FINANCIAL SITUATION.

The news coming from South Africa this week—to the effect that Generals DeWet and Beyers had raised the standard of rebellion against the Union Government—bears directly on the financial situation through arousing a certain degree of nervousness as to the continuation of the gold supply available to London from the Transvaal mines. It is understood that with reference to the South African production of gold, the Bank of England has an arrangement similar to that obtained in case of gold shipments from New York to Ottawa. That is to say the mining companies in South Africa, instead of shipping their output in the ordinary way to London for sale in the gold market, merely deposit it with the Union authorities for account of the Bank of England, and as soon as the bank receives confirmation by cable it disburses the funds in London according to the instructions of the mining companies. The carrying out of this policy implies an accumulation of gold at the Cape; and until it is definitely discovered how large a following the rebel generals will have, there will be a certain amount of doubt as to the security or safety of the deposit of metal. Possibly if it is anticipated that the

rebellion will prove serious, steps will be taken to have the gold shipped to England, of course with suitable naval protection.

Another point is that the uprising, if as serious as early despatches indicate, will have a tendency to check the production of the mines. It may be necessary for the white laborers at the Rand to engage in the military operations required to re-establish the authority of the Crown. It is a matter for thankfulness that there is such a man as Botha at the head of the South African government at this crisis; in all parts of the Empire there will be full confidence in his ability to deal with the perplexing problem. Perhaps the rebellion can be crushed with the forces raised in South Africa; it would be unfortunate if it became necessary to send British troops from Europe. Possibly the Australian and New Zealand governments will lend valuable assistance to Premier Botha if called upon to do so.

In view of the tremendous strain on British finances, the continued receipt by the Bank of England of gold from the Transvaal mines is of considerable consequence. If the stream is checked, or if any mishap overtakes the store accumulated at the Cape, the tendency would be to set back the movement of recovery now in progress at London. Otherwise the war is progressing in fairly satisfactory manner. The success of the Allies in holding their lines indicates that in due time they will manage to expel the invaders from France and probably from Belgium.

Business conditions in Canada are moving along as satisfactorily as could be expected. It is said that another series of important orders from the United Kingdom, France and Russia have been placed in Canada through the Dominion officials. As a result a number of our industries have been experiencing a revival of prosperity. All these things help to enable us to surmount the crisis. In the West the marketing of the new crop proceeds at a slower pace than that of last year. This is clearly indicated by the tremendous decline in Canadian Pacific's gross earnings. It should be remembered however that the weekly traffic reports now coming in are compared with large increases a year ago. Possibly the railway returns will continue decidedly unfavorable until after the close of interior navigation. In January, 1914 and succeeding months there were sharp declines in the traffic. When comparison is made with those months there should be some improvement in the relative showing. Call loans in Montreal and Toronto are quoted 6 to 6½ per cent. as heretofore; and commercial paper is discountable at 6 to 7 per cent.

Call money in London rules at 1¼ to 1¾ per cent., and discount rates are 3⅞ p.c. Bank rate is held at 5 p.c. The Bank of France and the German Imperial Bank still quote 5 and 6 p.c. respectively.