

The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881.

PUBLISHED EVERY FRIDAY.

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Proprietor

Editor

Chief Office:

GUARDIAN BUILDING, 160 ST. JAMES STREET,
MONTREAL.

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

MONTREAL, FRIDAY, DECEMBER 13, 1912.

INDEX TO PRINCIPAL CONTENTS

	PAGE
Canada's Naval Policy.....	1793
Panama Canal Tolls.....	1793
General Financial Situation.....	1795
Merchants' Bank reports Highly Satisfactory Year	1797
Nova Scotia—New Brunswick Bank Merger Approved	1797
Bank of Toronto's Annual Statement.....	1799
New Director of the Molsons Bank.....	1799
Municipal Taxation of the Banks.....	1799
Fire Underwriters and Montreal Controllers.....	1801
Moving of the Grain Crops.....	1803
Good Faith in Life Insurance.....	1805
Against State System of Workmen's Compensation	1807
Royal Bank's Statement.....	1807
Repayment of Policy Loans.....	1809
Sacredness of Trusteeship in Investment of Life Insurance Funds.....	1809
Canada Interlake Line.....	1811
Insurance Briefs.....	1813
Personal Paragraphs.....	1815
Fires of the Week.....	1815
November Fire Losses.....	1815
Market and Financial Summary.....	1817
Stock Exchange Notes, Bank and Traffic Returns....	1817
Stock and Bond Lists.....	1821, 1823

THE GENERAL FINANCIAL SITUATION.

It is said that America did not bid for the \$4,000,000 African gold offered in London on Monday. Much secrecy was observed regarding the details. Germany took \$1,500,000; India \$500,000; and nothing was announced about the disposition of the remainder. Bank rate in London is 5 p.c. In the open market call money is 4 to 4 3/4 p.c.; short bills are 5; and three months' bills, 4 7/8 to 5.

At Paris the private rate is 3 3/4 and Bank rate 4 p.c.; and the private rate in Berlin is 6 p.c., the same as that of the Imperial Bank of Germany.

* * * *

The transatlantic money markets are still under the influence of the political uncertainties arising out of the Balkan upheaval. Negotiations now under way will dispose of a large area of Turkish territory, and some of the larger interested parties do not hesitate to talk war and to make ostentatious preparations for hostilities, with the object of improving their position in the diplomatic exchanges. This is

a dangerous game and it is no wonder that the financial markets are displaying some nervousness.

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Austria's change of ministers and her announcement of a loan of \$25,000,000 are taken as disturbing factors. Considerable surprise has been expressed in New York at the announcement of American participation in the Austrian loan. It is pointed out that already the financial situation in New York is sufficiently strained without any attempt on the part of the New York banks to lend money to other countries. But on the other hand the bankers explain that the funds put into the Austrian loan need not be paid by New York until January, and by that time the market would be in better shape to spare the money.

* * * *

Owing to the drastic liquidation which has taken place in the securities markets interest rates at the American metropolis show an appreciable reduction. Call loans are 4 3/4 p.c.; sixty day loans, 6 to 6 1/2 p.c.; ninety days, 6 to 6 3/4 p.c.; and six months, 5 1/2 to 6. Through calling loans energetically the clearing house institutions were able to wipe out their deficit of the previous week and report a surplus in its place. The Saturday statement showed their loans to have been reduced \$42,000,000. As the cash holdings remained practically intact, this large loan contraction served to improve the general position as regards reserve by \$8,073,000—in other words an excess cash reserve of \$3,015,000 was established. In the case of the banks alone the loan reduction amounted to \$22,760,000, but the cash gain was \$1,500,000. Increase of surplus amounted to \$6,827,000.

* * * *

In the Wall Street stock market a peculiar condition of affairs has apparently developed. Some time ago, when the Balkan outbreak took financial Europe by surprise, the capitalists and bankers in London and other European centres sold Americans heavily. Total sales were placed at anything from 400,000 to 600,000 shares. The outlook in America being excellent, the Wall Street market took the London sales without flinching, and there was comparatively little decline in prices. At that time the general opinion was that the American buyers would be able to sell stock back to London, when the war scare had finally subsided, at much higher prices—thus securing good profits.

Recent events in New York have spoiled these calculations entirely. The rise in European bank rates made European gold practically inaccessible to the New Yorkers, notwithstanding that they possessed large credits in London on account of American produce exported. Then, at the beginning of December came the Supreme Court's decision in the Union Pacific merger case—unsettling the mind of