

The Chronicle

Banking, Insurance and Finance

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preceding twelve months. A decline of 25 per cent. in the rate of increase of notice deposits is by no means a light matter. It points unmistakably to the conclusion that with a great body of Canadians, expenditure, possibly of necessity, is more closely approaching income than it was formerly.

Compare this condition of things with the state of the banks' current loans and discounts as revealed in the May figures. The month of May is usually one when heavy declines are reported by the banks in these loans as a result of the moving forward of commodities following the opening of the St. Lawrence and inland navigation. In May 1919, this seasonal decline amounted to over \$36,000,000. But in May 1920, there was an actual increase in these loans, although a small one, of nearly \$2,000,000 to the new high figure of \$1,349,079,981. At this level, the banks' current loans and discounts, apart from their loans to the provinces and municipalities, and excluding entirely their foreign loans, show an increase over their end of May total last year of no less than \$277,632,295. Notice deposits, as remarked above, are the backbone of the banks' current loans. But these figures show that in the last twelve months, the increase in current loans has run ahead of that in notice deposits by over \$150,000,000. The fact is not only a conclusive reason for the present tightness of money, but is very fair evidence, we suggest, that no easing of the present situation in this connection is likely to be seen for some time. A substantial falling-off in the banks' Canadian call loans, is reported for the month of May, it is time, mainly as a result of the maturity of grain bills following the resumption of navigation. But even at their reduced end of May level of \$110,114,443, these loans are \$21,000,000 higher than at the close of May 1919.

Apart from these accounts, the May bank statement contains no features of outstanding interest. Circulation at \$226,335,037 is \$10,500,000 higher than a year ago, as a result of the necessity for

none currency following higher prices. Demand deposits in Canada are down by \$7,000,000 during the month to \$645,957,229, but are \$77,000,000 higher than a year ago. Deposits abroad at \$345,095,475 are no less than \$123,000,000 higher than at the end of May, 1920, reflecting not only the substantial extension of the Canadian banks' foreign interests which has taken place during recent months, but also it may be surmised, the prosperity of the sugar industry in the West Indies, where it is to be remembered, the Canadian banks have now exceedingly important interests.

With regard to the trend of commodity prices, the outlook continues exceedingly obscure. The market for at least two important staples, hides and wool, shows a decided decline from the high levels recorded a few months ago. Hides particularly have suffered severely and in some markets are reported as being below pre-war levels. Some folks in the States are already talking of \$2.50 shoes, but that is perhaps a little previous. Many wools are now relatively cheaper than cotton, which continues remarkably high, and it is evident that in cotton goods, buyers are not likely to get any relief for some considerable time. Outside these lines, the outlook is extremely mixed, and even expert judgment is curiously and sharply conflicting. One thing seems certain, however, that the average consumer will lose nothing by withholding his purchases wherever possible. By so doing, he will be "doing his bit" towards the restoration of the equilibrium of supply and demand, which alone can bring high prices generally down to a lower level.

TRAFFIC RETURNS

Canadian Pacific Railway				
Year to date	1918	1919	1920	Increase
May 31	\$58,185,000	\$61,847,000	\$74,133,000	\$12,286,000

Week ending				
	1918	1919	1920	Increase
June 7	\$2,846,000	\$2,957,000	\$3,619,000	\$662,000
June 14	2,914,000	3,062,000	3,660,000	598,000
June 21	2,849,000	3,024,000	3,578,000	554,000

Grand Trunk Railway				
Year to date	1918	1919	1920	Increase
May 31	\$17,909,748	\$26,208,273	\$28,219,006	\$2,010,733
Week ending				
	1918	1919	1920	Increase
June 7	\$1,012,481	\$1,619,870	\$1,936,529	\$316,658
June 14	1,113,729	1,693,580	1,935,993	262,404
June 21	1,164,354	1,746,055	2,013,144	267,689

Canadian National Railways				
Year to date	1918	1919	1920	Increase
May 31	\$35,062,837	\$37,798,285	\$2,735,448	
Week ending				
	1918	1919	1920	Increase
June 7	\$1,509,340	\$1,618,195	\$198,855	
June 14	\$1,532,519	1,676,264	1,806,517	190,253
June 21	1,574,307	1,435,593	1,820,408	384,815