giving an exceedingly good account of itself. And in so far as the relatively poorer exhibition given by the cotton crop is concerned, it is to be remembered that in comparing with last year the comparison is made with an abnormally favorable year.

Money market conditions in Canada are unchanged. Call loans in Montreal and Toronto are mostly at 5 p.c. with some at 5½. The report of the big Dominion Steel Corporation has received extended discussion in the Street. It had been expected that the comparatively low prices ruling for iron and steel goods, together with the cessation of the bounties would have a tendency to reduce the profits of the Steel Company. Fortunately the iron and steel industry in the United States is now definitely on the up grade, and when the improvement there reaches a certain point the conditions under which the Canadian iron industry works will be sensibly improved. It will no doubt be wise for Canadian holders of iron and steel securities to place their hopes for future prosperity mainly in the generally improving nature of the steel business in North America and in the improvements and economies which the leading Canadian companies are constantly effecting in their methods of manufacturing and producing, rather than to build unduly upon favorable governmental action.

A rather interesting item relating to conditions in Western Canada has just been published by the Wall Street Journal, which paper has had an investigator travelling through the prairie provinces in quest of information. The paper says that the Canadian manufacturers of agricultural implements hold the notes of farmers in Manitoba, Alberta, and Saskatchewan, to the extent of $20,000,000; and that the International Harvester Company holds notes given by farmers in the same three provinces to the extent of $26,000,000. The paper states that a large part of these are due or past due and are not being met. However, it is usually the case that a considerable number of implement notes are left to be paid "next year" when an unfavorable season, such as the West experienced in 1911 comes round.

At a meeting of the directors of the Spanish River Pulp & Paper and the Ontario Pulp and Paper Companies, the absorption of the latter company by the larger concern was decided upon. In connection with the arrangement, a new stock issue carrying rights to Spanish River holders will be made. A proposal has been received from a syndicate to buy this block of stock, and if this is accepted the Spanish River shareholders will receive the bonus in the form of a cash return of $5 per share. A meeting of the shareholders of the two companies will be held on June 14 to ratify the proposals.

THE GREAT PROSPERITY OF THE BANKS.

So far five banks have issued reports covering business in 1912. The Bank of Montreal published its results for the half-year ended April 30th—the period, therefore, including four months of the current calendar year. The Imperial Bank of Canada's report covered the year ended April 30th; the reports of La Banque Nationale and of the Sterling Bank of Canada also covered the year ending April. And the Standard Bank of Canada report covered the year ended January 31st. A careful analysis of the results achieved by these five institutions will perhaps be of some assistance in estimating the nature of the reports to be issued by the other banks during the summer and fall. It has been quite generally taken for granted that the 1912 reports of the banks will be as a rule even more favorable than the good reports issued in 1911.

Taking the Bank of Montreal first, it is seen that the profits for the half year ended April, 1912, were $1,236,339 as against $828,915 in the corresponding half year preceding. The ratio of earnings on capital for the half year was 15.86 per annum, as against 15.81 for the whole year ending October, 1911. On capital and rest the ratio for the half just concluded was 8.08 per annum as against 8.62 per cent. for the last full year; and on average total assets the rate for the half year was 1.06 per cent. against 1.02 per cent. for the full year. So it will be seen that in the half year the big bank made a little better showing in the ratio of earnings upon capital and upon total assets and not quite so good a showing in the matter of ratio of earnings on average capital and rest. However, the falling off in this last mentioned item is more apparent than real. It is largely due to the bookkeeping entry put through last fall, whereby the premises account was written up to $4,000,000 and $3,000,000 added to rest account. This addition of $3,000,000 to the rest account did not represent any increase in the funds employed by the bank and, therefore, did not enhance its earning power in the slightest degree. But, as the rest was nominally so much larger, the earnings when compared with the rest, appear relatively smaller.

This exhibit of the Bank of Montreal shows that the real earning power of the bank has been somewhat greater in the past half-year. During the half-year the deposits of the bank increased about $11,000,000—the funds so acquired being put into call loans elsewhere than in Canada. These loans command from 2¼ to 3 p.c. and do not give a large return. An interesting comparison of the Bank of Montreal earnings may be obtained by taking the earnings for the year ended April, 1912, and setting them against the results for the year ended April, 1911. The 1912 profits were $2,683,913 against $1,829,173 in 1911. But the new system of declaring