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## THE JULY BANK STATEMENT.

The leading feature of the July bank statement is a remarkable gain in the notice deposits of the banks, which show an increase for the month of \$21,765,789 to the new high level of \$789,363,919. This probably unprecedented monthly gain compares with one of under eight millions in July, 1915, and makes the notice deposits almost a hundred millions higher than a year ago. With a gain of \$3,840,848 in demand deposits, bringing them up to \$431,958,188, the total deposits of the public in Canada are reported at the new high level of \$1,221,322,107, a gain for the year of over \$188 millions.

Simultaneously with this great advance in Canadian deposits, the banks report their current loans in Canada at the extremely low level of \$740,040,741, a falling-off of nearly \$7½ millions for the month and of over \$18 millions for the year. In conjunction with the further fact that circulation is reported as \$23 millions higher than a year ago, these figures of deposits and loans constitute an interesting index of the trade situation. They show that while business is active, its position is highly liquid and that large reserves of cash have been accumulated by those who in former years relied largely upon the banks to finance their operations, but no longer require that assistance. The steady increase in foreign current loans and discounts, amounting for the year to well over \$20 millions, is probably in the main accounted for by activity in West Indian trade, as a result of war demands.

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Preparations for the moving of the crops are shown in the additions made to the Central Gold Reserves, which are reported as over \$12½ millions higher than a year ago. The banks' security holdings again show a very large increase in consequence of their further absorption of British Exchequer bonds in connection with the credits extended by them to the Imperial Munitions Board. The temporary financing of the Dominion Government to the extent of \$30,000,000 does not appear in the new statement, but apparently in addition to this, the Bank of Montreal has made, as on some previous

occasions, a temporary loan of \$5,000,000 to the Government.

With the continued heavy increase in their resources, the banks maintain a very high standard of reserves. Immediately available reserves of specie and Dominion notes, deposits in the Central Gold Reserve and to secure the note issues, net bank balances abroad and foreign call loans at the end of July were in the proportion of 31.3 per cent. to the note circulation and deposits of all kinds, including the Imperial Government's balance. The proportion at the end of June was 31.7 per cent.

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Two developments in the near future will tend to absorb large amounts of the banks' resources, the moving of the crops and the new domestic war loan. So far as crop-moving is concerned, it is to be remembered that while the crops are apparently not so large as last year, the prevalent high price will result in the use of considerably more funds than would be required by a corresponding crop in a normal year. There is no doubt, however, that the banks have ample funds both to care for crop-moving and for the War Loan. Last month, they even increased their Canadian call loans, whereas in July, 1915 these were being called in preparation for last year's crop-moving. The War Loan will, of course, cut into the public deposits of the banks considerably for the time being. Judging, however, by the experience of last fall, when the first domestic War Loan was brought out, the effect upon the public deposits will be only temporary.

It is interesting to note the position of the banks at the end of July with that at the close of July, 1914, when hostilities broke out. In the two years, public deposits in Canada have increased by \$203 millions from \$1,018,058,176 to \$1,221,322,107. Notice deposits account for \$118,000,000 of this increase; demand deposits for the balance. Current loans in Canada have in the same period been lowered by \$100,000,000 from \$840,198,625 to \$740,040,741. The banks have much more than doubled their holdings of securities, which are now

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