

The Chronicle

Banking, Insurance and Finance

ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY



Vol. XXXIX. No. 22.

MONTREAL, JUNE 6, 1919

Single Copy 10c
Annual Subscription \$3.00

THE GENERAL FINANCIAL SITUATION.

Various Financial chroniclers are apt to profess astonishment that subsequent to the issue of the various Victory Loans, the notice deposits of the banks, too often erroneously known as savings deposits, continue to bound upward. The astonishment might be justified if the reverse were the case, but in point of fact the increase in these notice deposits is an entirely natural sequel to these great national loans. This rise in bank deposits merely reflects the distribution throughout the country, and directly and indirectly, throughout almost every class of the community, of funds which the government has borrowed. These funds are not, as it were, taken out of circulation and held in suspense; they are immediately put into circulation in the purchase of supplies, the payment of labour, the discharge pay of returned soldiers—used to meet these and the other manifold calls which are being made upon the public purse at this time. The increase in notice deposits certainly indicates that the portion of these funds received by the classes of the community mentioned, is considerably in excess of what is needed to meet current requirements, and that accumulation is steadily going on. The really interesting question is, to what extent is this accumulation taking place, since in the extent of that accumulation depends Canada's capacity to finance future needs, to increase production and provide the various necessities of civilization which a healthy modern community demands.

From this point of view, which it is necessary to emphasize, is the one that really counts, the showing made in recent months by the notice deposits of the banks is encouraging. Last October, just before the Victory Loan was launched, these deposits reached a level of \$1,076,514,000. In November, following the withdrawal of funds for subscriptions to the Loans, they dropped to \$939,329,271, from which figure they have steadily recovered as the borrowed mounds got into circulation, until by the end of April they were almost again at the October level. This total of \$1,070,985,080, representing a gain of almost \$33,000,000 during the month. The gain is thus a substantial one. The best contribution to the general prosperity of Canada, which everyone can make who

has any surplus at all above what is required for the necessities and reasonable amenities of life is to add to that surplus as much as possible, so that not merely may bank deposits be further increased, these funds being available for the current necessities of Canada's industry and trade, but in due course transfers may be made from these funds to permanent investments, and thus the aggregate wealth and prosperity of the whole Dominion be steadily increased.

One other feature of the current bank statement deserves attention—the high level of Canadian current loans. These are slightly decreased in comparison with their total at the end of March by something under \$10,000,000 as a result doubtless of the movement of exports following the opening of St. Lawrence and inland navigation, but this end of April aggregate of \$1,107,986,523 is nevertheless no less than \$223,897,121 higher than their total at the end of April last year. A primary reason for this state of affairs is, we believe, to be found in a factor which is less widely recognized than it should be—the fact that many Canadian industries are loaded up with stocks of raw materials purchased at the top of the market. The problem of realizing upon these at prices which will give a fair profit or even avoid a loss, in a market which is at least not so strong as it was, and in some directions shows some signs of coming down, is affording various business executives considerable food for thought. There is one other interesting point about these loans, that they exceed by about \$37,000,000 the amount of notice deposits referred to above, and while it is, of course, absurd to segregate various items of the banks' combined monthly statements and set them off one against the other, the fact is interesting as showing that at the present time funds received by the banks in notice deposits are fully employed by them in forwarding Canadian trade and industry.

While the local Stock Exchange loans continued unabated at the beginning of this week, following the frantic dealings in New York, it may well be asked if the point has not about come for some discrimination. Practically the whole local list has moved up in the last few months, discounting well in advance, as is the usual Stock Exchange

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