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THE MERCHANTS BANK STATEMENT

While the Merchants Bank a year or two ago changed its fiscal year from November 30th to April 30th, its inauguration of the practice of issuing a half-yearly statement keeps the public au courant with the condition of its affairs at a time of year when a number of the banks issue their statements, and when, as a result of seasonal and other developments, the condition of the banks is of peculiar interest to financial students. It may be said at once that the half-yearly statement published within the last few days is a document upon which those concerned, particularly Mr. E. F. Hebden, the Bank's managing director, and Mr. D. C. Macarow, its general manager, are to be warmly congratulated. The statement indicates that this old-established and highly-esteemed institution has taken its full share in the recent forward movement of Canadian trade and industry, as well as in the various developments of national finance, and constitutes a record of financial service that may well be a matter for pride.

In comparison with the statements for both April, 1918, and October, 1917, the present report naturally shows considerable development. This is particularly noticeable in the matter of deposits. While demand deposits are now announced as somewhat lower than in April last (\$27,246,630 against \$34,886,748) and at approximately the same figure as in 1917, interest bearing deposits at the end of October were no less than \$105,694,900, a gain of practically \$30,000,000 over the April figures of \$75,946,985, and of nearly \$36,000,000 over those of October, 1917, \$69,997,555. Even in these days such a development of interest-bearing deposits is notable. Circulation shows a corresponding increase, the present figures of \$15,180,243 comparing with \$12,327,168 at the end of April, and \$13,462,863 in October, 1917.

On the other side of the account, a striking feature is the development in current loans. Their total is reported as \$86,029,341 compared with \$76,194,016 in April last, and \$68,070,191 in October, 1917. Obviously, the Bank has taken a relatively important part in meeting the enlarged needs of the commercial and industrial community, following upon the rise in values and also in supporting production of all kinds. The share which the Bank has taken in national and war financing is indicated in the increases in security holdings. Dominion and provincial government securities held total \$16,390,464 compared with \$5,435,465 in April and \$8,562,507 in October, 1917. There is also a large increase under the heading of Canadian municipal, British, etc., securities, holdings of these now reaching \$15,167,644 against \$14,589,065 in April and \$9,081,

764 in October, 1917. Call loans are naturally somewhat lower, Canadian call loans being now reported as \$4,916,574 compared with \$5,223,954 in April and \$5,682,431 in October, 1917. Call loans abroad are \$2,899,198 against \$3,906,649 and \$3,277,614 respectively.

The Bank's liquid position is well maintained, the proportion of liquid assets to liabilities to the public now appearing as 48.5 per cent. Total assets naturally show a very notable enlargement, their aggregate of \$165,924,436 comparing with \$140,937,545 in April last, and \$130,568,653 in October, last year. The whole showing is calculated to give satisfaction to the Bank's clients and shareholders, and is a decided testimonial to the wisdom and enterprise with which the Bank's affairs are being conducted.

POST-WAR CURRENCY PROBLEMS

Lloyds Bank Monthly says: A first interim report has been issued by Lord Cunliffe's Committee, which was set up to consider currency and foreign exchanges after the war. Amongst other decisions, the Committee is of opinion that no change should be made in the Bank Charter Act. As to the restoration of an effective gold standard after the war, the Report, while recognizing that during the war the conditions necessary to the maintenance of that standard have ceased to exist, adds that, "unless the machinery which long experience has shown to be the only effective remedy for an adverse balance of trade and an undue growth of credit is once more brought into play, there will be a grave danger of progressive credit expansion, which will result in a foreign drain of gold menacing the convertibility of our note issue and so jeopardising the international trade position of the country." To restore our gold standard the Committee is of opinion that Government borrowing should cease as soon as possible after the war, and that differential rates for home and foreign money should also be discontinued. An early resumption of the internal circulation of gold coin is not regarded as necessary, but the Bank should be under obligation to supply gold for export in exchange for its notes.

MR. W. H. TRENCHARD DAVIS

Mr. W. H. Trenchard Davis, manager for China of the Commercial Union Assurance Company, arrived in Montreal last week, where he spent a few days. The object of his visit to this continent is on account of ill health, and to get Medical Advice. Mr. Davis is an Australian by birth, and has resided in China for the past 21 years as manager for the Commercial Union. In addition to fire insurance Mr. Davis is also manager for the following departments operated by his Company in China, Life, Marine, Accident, Fidelity & Guarantee Insurance. During his long residence in China, Mr. Davis has taken an active part in connection with the different Fire Underwriters Associations. There are 82 Fire Companies operating in China, all members of the Association, this is in addition to native companies, and like Canada competition is very keen in the land of the rising sun. Mr. Davis left on the 4th instant on a visit to the United States. Mr. Davis received a cable while in Montreal with the information that his only son, aged 20 years, who has been serving the Empire in France for the past year, has been awarded the Military Cross for conspicuous bravery.