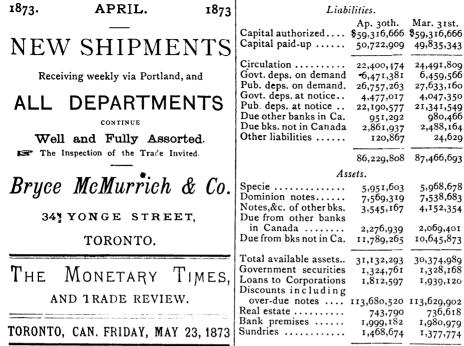
THE MONETARY TIMES AND TRADE REVIEW-INSURANCE CHRONICLE.



BANKING REVIEW.

Although the opening of navigation has taken place the relief it was expected to bring is scarcely yet felt. Money is still comparatively tight, and is not becoming easier, the demand being so far fully in advance of all the funds which have been realized. Stringency and ease it must be remembered do not indicate necessarily scarcity and plenty. They simply express the relations existing at the time between supply and demand, and money differs very widely from other marketable commodities in that demand does not create supply but not unfrequently diminishes it, as every panic illustrates.

The grain moving forward is not realizing the prices generally anticipated in the winter, so that to a very large extent produce operations will have been carried on with a very small margin of profit, if profit is realized at all. In many cases, however, after all charges are added, we imagine the result will be a loss. Lumber has been manufactured very extensively but owing to high prices of labor and supplies with a rather dull market in the States, profits are not so much as formerly. Square timber is coming down also from the woods, and is being rafted as usual on the bay, but not much as yet has gone down the lake, the weather being treacherous and unsettled. The English demand for pine is weak, but for hardwoods it is very brisk and good prices may be expected in Quebec.

The last official return for banks of Ontario and Quebec is as follows :----

1,980,979 1,468,674 1,377,774

Mar. 31st.

49,835,343

24,491,809

6,459,566

4,047,350

980,466 2,488,164

87,466,693

5,968,678

7,538,683

4,152,354

2,069,401

10,645,873

30,374,989 1,328,168

1,939,120

736,618

24,629

27,633,160

21,341,549

\$152,161,817 151,367,550

The contraction of the note issues to the extent of two millions will not have tended to lighten the pressure on the banks though one half of it found its way apparently into their coffers to remain as deposits payable after notice.

We spoke in April of the "demand for money being great but disposition to lend it contracted." We see this, now the April figures are before us, for during that month extreme rates were obtained, but the discounts did not increase over a few thousands. The credit balances, or deposits on demand, were, however, drawn down one million during the last month. The total operations of last month left the banks with less liabilities by one million and more assets by the same sum, so that their position was strengthened.

This is a decided change from the course they have followed or driven in for some length of time, and is the more gratifying to note in prospect of trouble arising in New York from the panic prevailing in Vienna which would affect this market detrimentally. The Vienna revulsion has been brought about chiefly by over importing and outlay for public works at a time when the country was depressed in some measure by deficient harvests in Hungary. The favor in which American securities are held throughout Germany has made the financial state of that portion of Europe of peculiar interest to this continent, and a speculative revulsion there must react upon the New York money market and so affect us. Although there is good ground for hoping

ing here, still with a contingency like this possible, the banks must find it prudent to hold a tight rein and shorten sail.

A more satisfactory prospect, and the more so because of its certainty of realization, is that considerable funds are being subscribed in England towards various undertakings in the Dominion, and these will, ere long, expand materially the productive or economic power of our trade and financial institutions.

With one notable exception recent advices from London give highly encouraging reports of the success of various enterprises being placed on that market in the interest of Canada. It was an unfortunate circumstance for the promoters of the Pacific railway that at the very same time that they were seeking English aid, the attention of financiers was so occupied with the scheme for raising a large sum for the Grand Trunk, as doubtless there would be a disposition to forecast for the new scheme a parallel career to the old. The coincidence would be damaging to the interests of the Pacific railway; indeed considering inherent difficulties attendant upon floating so extensive a scheme, the unlucky period of its launching, the prejudice which would be engendered by such persistent opposition as the scheme has encountered during the sitting of the Dominion Parliament, it cannot be a matter of wonder that the promoters have not succeeded as soon and to the extent they were sanguine enough to hope for. The question as to the deposit stated to have been made on Pacific stock, we have already dealt with in a previous article. It is understood they were not made in cash but were simply discounts, the proceeds of which were placed to a deposit account. The transaction as such is most reprehensible. It opens up to the banks a wide field for fraudulent misrepresentation and renders it impossible to trust any statement issuing from the banks if such deceitful manipulations of their figures is possible. During `1866 an English bank driven hard to keep open and fearing to expose the extent to which public confidence was withdrawn passed a large amount of fictitious paper through its discount account and added the sum to its deposits. The annual statement was issued thus falsified, it became known to a shareholder who consulted eminent counsel on the matter and he was advised that the penalty for such misrepresentation, if a criminal action was brought against the manager, would be that for felony, viz: a long term of penal servitude. The case of course is not a parallel one to the action of the banks in the case of the fictitious transactions in question. But that the shock will spend itself before reach- | from adopting such a policy as an expedient