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THE GENERAL FINANCIAL SITUATION

The primary interest, it might almost be said the sole interest, of the financial community this week has been, of course, the Victory Loan. An excellent start has been made, and while between now and the end of the campaign it may be expected that there will be the usual alternations of optimism and pessimism, there is good reason to hope that large as the task is, it will be successfully accomplished by the financial and business men who are directing and supporting the campaign, and the armies of volunteer workers and rank and file subscribers. It is being found by experience that a good deal of the elementary spade-work which was necessary last year with folk who never had any experience with bonds previously, is on this occasion unnecessary, and this will to some extent offset the disadvantages to the campaign imposed by the prohibition of public meetings and assemblies which form an effective means of keeping public enthusiasm up to a high pitch. However, with an improvement in the influenza situation in the larger centres, there are at the present writing some signs that before the end of the campaign is reached, this handicap will be removed, at least to a fair extent.

The burden of work in connection with the Victory Loan on this occasion falls extremely heavily upon the banks, who are undertaking an immense amount of work in connection with the actual issue of the bonds, which a year ago was performed by the Department of Finance. This at a time, too, when the banks' staffs have been heavily depleted by reason of the prevailing epidemic. However, there is good reason to believe that the arrangements in this connection will make for a considerably more expeditious handling of the bonds than on the last occasion, and that both the Government and the public will benefit as a result.

The September bank statement, which came out on the eve of the inauguration of the Victory Loan, campaign is well calculated to inspire confidence in Canada's ability to meet the needs of her latest, if not necessarily her last, financial war effort. Notice deposits are shown to have reached the impressive total of \$1,037,000,000, a gain for the month of \$22,700,000 and for the year of \$69,000,000. This is, of course, a new high record for this class of deposits. Demand deposits are also at a high level, their total of \$588,000,000 showing a growth of \$34,000,000 during

September, and of no less than \$137,000,000 since the end of September, 1917. The effect of high prices upon business is shown in a considerable expansion in current loans, their increase for the month being \$22,000,000 which, of course, partly accounts for the growth in deposits already referred to. Growth for the year of this item is \$87,000,000. The same cause is also seen at work in regard to note circulation, which is reported as standing at \$211,623,856, an increase for the month and year respectively of \$10,784,196 and \$34,034,588. In September, 1917, there was a decrease of nearly \$39,000,000 in the note circulation. Assets of the banks continue to grow in greater ratio than the liabilities, the total of assets now being reported as \$2,507,714,981, an increase for the month of \$84,248,094 and for the year of \$381,143,639. September's increase in this connection compares with one of \$30,000,000 in September, 1917. Total liabilities stand at \$2,248,965,343, a gain of \$79,481,760 for the month and of \$372,575,052 for the year.

The next few weeks will see the appearance of an interesting series of bank reports, which, with their accompanying addresses of bankers at shareholders' meetings, will throw much illuminating light on the present condition of Canada's commercial and financial affairs. The report of the Molsons Bank, as usual the first to make its appearance, which was analyzed in these columns last week, suggests that on the whole the banks will show steadily increasing revenues. However, it is to be remembered that the general tendency of bank earnings in proportion to the extent of their operations, and particularly of their assets, has been steadily downward for a number of years past, in other words, that the demands upon the banks' services in various directions have increased proportionately at a considerably greater pace than the remuneration for these services. The general average of Canadian bank earnings upon shareholders' funds, which includes, of course, the rest and balance on profit and loss account, as well as paid-up capital, is decidedly moderate and an upward tendency of earnings at this time is welcome as an encouragement to the future investment of additional capital in bank securities. There is no doubt that once the way has been fairly cleared of the necessities of war finance, that several of the banks will find it desirable

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BUY VICTORY BONDS

ANY BANK WILL HELP YOU