

BANKING RETURN.

The figures of the Canadian bank statement for September last will be found in condensed form below, and are compared with those of the previous month. The statement bears date Ottawa, 16th Oct.

CANADIAN BANK STATEMENT.
LIABILITIES.

	Sept., 1888.	Aug., 1888.
Capital authorized..	\$ 75,779,999	\$75,779,999
Capital paid up....	60,210,288	60,126,297
Reserve funds	18,790,565	18,765,565
Notes in circulation	32,913,526	30,448,815
Dominion and Provincial Government deposits....	15,325,494	14,420,267
Deposits held to secure Government contracts & for insurance companies	490,532	400,606
Public deposits on demand.....	51,023,861	52,119,544
Public deposits after notice.....	65,947,434	66,184,327
Bank loans or deposits from other banks secured...	540,100	540,000
Bank loans or deposits from other banks unsecured.	1,715,980	1,582,158
Due other banks in Canada	849,683	678,137
Due other banks in foreign countries	115,790	148,004
Due other banks in Great Britain...	2,163,614	1,977,621
Other liabilities....	155,675	216,085
Total liabilities..	\$171,241,690	\$168,715,568

ASSETS.

Specie	\$ 7,291,179	\$ 7,303,807
Dominion notes....	10,382,018	10,654,413
Notes and cheques of other banks..	5,581,540	5,087,490
Due from other banks in Canada.	3,585,072	3,127,822
Due from other banks in foreign countries	23,120,677	24,517,663
Due from other banks in Great Britain	3,935,523	2,741,571
Immediately available assets.....	\$ 53,896,009	\$ 53,432,766
Dominion Government debentures or stock.....	2,498,388	2,400,449
Public securities other than Canadian.....	4,187,653	4,051,296
Loans to Dominion & Prov. Govts..	1,365,932	1,602,102
Loans on stocks, bonds, or debent.	11,406,461	11,531,283
Loans to municipal corporations	3,839,948	3,795,940
Loans to other corporations	18,694,391	18,162,922
Loans to or deposits made in other banks secured....	636,925	678,309
Loans to or deposits made in other banks unsecured..	5,000	130,571
Discounts current..	140,876,918	138,210,045
Overdue paper unsecured	1,055,634	1,085,436
Other overdue debts unsecured.....	170,618	176,247
Notes and debts overdue secured...	1,603,506	1,584,733
Real estate.....	978,712	982,535
Mortgages on real estate sold	620,485	717,855
Bank premises....	3,690,463	3,671,171
Other assets	5,497,389	5,357,523
Total assets.....	\$251,024,435	\$247,871,200
Average amount of specie held during the month	7,216,858	7,124,276
Av. Dom. notes do..	10,529,830	10,539,779
Loans to directors or their firms....	8,463,674	8,277,045

The abstract of the Banking Return furnished herewith shows the beginning of a movement which we foresaw sometime ago. The immense sums of money poured into the country from foreign loans brought about an entire reversal of the condition which prevailed a year ago. Money was at that time becoming decidedly scarce, and there seemed a prospect of its being increasingly so during the winter. But no person could have foreseen that a conversion scheme of the British Government would set free an enormous amount of capital, which capital, in seeking channels for investment, readily availed itself of such as were offered from Canada. A very large amount of money was thus placed at the disposal of Canadian banking institutions (for the money of course found its way there), and so the stringency, instead of deepening, was mitigated, and the position changed from scarcity to ease.

But we pointed out some time ago that the funds thus made available from extraneous sources would not always continue so. They would be drawn out from time to time, and the position would gradually assume its nominal aspect. This movement has undoubtedly begun. The resources of the banks are beginning to be depleted. There was a decrease of over \$600,000 during last month, and the tendency is still in the same direction. The discounts and loans of the banks are going up, while deposits are going down. The rate for call money has perceptibly advanced. Short loans secured by bonds and stocks have also appreciated. There is a clear tendency towards a higher rate of discount on mercantile loans. This may continue and lead to a general movement in the way of increase. The natural course of events may be interfered with in certain quarters by contracts made (as has been reported) for the supply of money at a specified low rate for a considerable period of time ahead. The force of competition is keen indeed when it leads to such unreasonable and unbusinesslike arrangements. A miller might almost as well undertake to supply a customer with flour at the bottom rate of a low market for the ensuing twelve months. Millers have been known in former days to make contracts almost as foolish, by buying wheat at a certain price and engaging to give the farmer the benefit of a rise. In such contracts nothing was said of a possible fall, and no provision made against it. These things were done in times when the rules of trade were not as well understood as now. We have indeed heard of such follies having been repeated this present grain season. It is probable the report is not true, for no man of sense would make such contracts.

Reverting, however, to the rate for money, it is probable that the banks will begin to discriminate. There has been sadly too little of this in the dealings of banks with their customers. Long paper and short paper, single named and double named, first-rate quality and second-rate, down even to third and fourth-rate, are too often treated on the same basis and charged at the same rate. There is no other line of business in which such a foolish want

of discrimination prevails. Some people, indeed, have a theory that banks only lend on good security, and that all the loans in their books have an equal value. Experience shows this to be a delusion. We have, however, dwelt upon this before.

The crop movement is lagging somewhat, in spite of high prices. In fact, high prices seem rather to depress the crop movement than encourage it. Farmers who have been selling their wheat for 75 and 80 cents for some years back would have been delighted beyond measure if they could have got 90 cents. But now that they can get \$1.00, \$1.05, or \$1.10, they are dissatisfied. This, however, is a common enough experience. We must remark that farmers who hold back their grain are foolish, indeed. The going price for wheat will pay them handsomely, and they should make sure of it. They could then pay their debts and put money into the bank. Many are doing so, of course, but far too many are keeping back their grain. In the barley districts where the crop, was thought to be almost destroyed, there is after all a fair production, and what has ripened is of very good quality. It is of course bringing a good price, and farmers in the central district of Ontario will do nearly as well as they did last year, after all, taking dairy products into account. In fact, in nearly every part of the country the story is repeated, "Better than was expected." Ontario will realize far more out of the present crop, at present high prices, than she has done out of a really good yield when prices were on a lower range.

As to Manitoba, the prices there are phenomenal. Such a figure as \$1 per bushel for wheat is something that has never been heard of in those regions. If present prices are maintained the crop of Manitoba as it is will realize probably 25 per cent. more money than the great crop of last year. This must result in an immense lifting up and stimulus to all branches of industry. It is said that the Canadian Pacific Railway has made most complete arrangements for moving the crop; but the extraordinary bargain made with the Northern Pacific Railway by the Government is not likely to yield the advantages that were expected from it if it be true that the rival companies have made arrangements with one another.

This was foreseen by all who understood the subject. But enthusiasts were blind, and the province will be little better off than before, after going to an enormous expense in building a railway, and then making a present of it to a corporation in a foreign country.

Rather a striking event has just occurred in the banking world. The Bank of New Zealand, an institution whose position and credit were once quite equal to the Bank of Montreal, has just suffered such enormous reverses as not only to lose the whole of its splendid Rest but one-third of its capital also. The bank's capital was £1,000,000 sterling. It had accumulated a Rest of £625,000 stg., and paid dividends of 12 to 15 per cent. regularly; but booming times and inflation produced the usual reaction in New Zealand as elsewhere. A committee of investigation has just concluded its lab-