

The Chronicle

Banking, Insurance and Finance

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684,729 over the corresponding total a year previously. But notice deposits, while at almost their highest figures on record, \$1,261,641,723, have increased only in twelve months by \$65,008,792. In other words, current loans in the last twelve months have increased six times more rapidly than notice deposits, which are their mainstay. Call loans in Canada, which include some loans on commodities as well as on stocks, were reduced during August by \$1,761,971 to \$113,958,923, at which figure they are still, however, about \$18,000,000 higher than at the corresponding date last year. Call loans abroad were reduced during August by over \$9,000,000 to \$193,888,245. Circulation dropped during the month by \$4,160,369 to \$227,373,864, and as noted above, is only \$4,911,949 higher than at the corresponding date of 1919.

With regard to the effect upon securities of the existing adjustment of prices, these will certainly not be wholly unfavourable. A steady decline in prices, particularly if it is accompanied by any reaction in trade not too long continued, will gradually free funds now used in commerce and industry, for investment and the support of Stock Exchange speculation. The effect of any marked decline of prices would certainly be first seen in the bond market. In the United States, indeed, a distinct improvement in this market has already been noted. Compared with the low prices of the year, which were reached about May, standard high grade bonds are up from five to ten points or more, as a result of capital switching from speculative to investment securities. Two recent large issues, the \$100,000,000, 8 per cent. 25-year French bonds, and the \$20,000,000 Norwegian 7½ per cent. bonds, were each over-subscribed within a few hours. As regards bond conditions in Canada, we are inclined to believe that the War Loans are now at about their lowest point, though there may be some selling later on in order to meet Income Tax payments. Any improvement in the price of these issues would naturally be quickly reflected in the whole bond market.

As regards stocks, the strength of C. P. R. in the New York market recently is a welcome indication of a revival of interest and appreciation on the part of the investing public of the possibilities still ahead of Canada's premier railroad. There are also some signs of a stirring of the dry bones of the public utility and traction groups which a few years ago, were prime favorites on the local exchanges, but within the last two or three years, have been, market-wise as dead as a doornail. This group of stocks should undoubtedly be assisted by the change in public opinion, which is now evident, regarding the necessity of these companies being allowed to charge rates for their services, which will earn such a return to capital invested, as will continue to attract readily the additional capital necessary to their development. Of the various groups of industrial securities possibly the most strongly entrenched against adverse influences is the pulp and paper group. While any marked trade re-action would undoubtedly result in some decline in the demand for the products of these companies, there are at present no indications that the established companies will not continue to earn profits on an exceedingly handsome scale for the next two or three years. The point to be remembered by investors at the present time is that a decline in prices and re-action in trade has the ultimate effect of increasing the supply of funds available for investment and lowering money rates; that these in turn lead to a rising market for fixed interest bearing securities, bonds and the highest grade stocks. They may also eventually result in a supply of funds for active speculation in a particular group of securities which are not prejudicially affected or only slightly so, by a trade reaction.

TRAFFIC RETURNS

Canadian Pacific Railway

Year to date	1918	1919	1920	Increase
August 31 ..	\$94,846,000	\$123,968,000	\$24,300,000	\$29,532,000
Week ending	1918	1919	1920	Increase
Sept. 7 ..	\$3,653,000	\$3,599,000	\$3,991,000	\$392,000
Sept. 14 ..	2,915,000	3,763,000	4,278,000	495,000
Sept. 21 ..	3,114,000	3,993,000	4,605,000	712,000
Sept. 30 ..	4,210,000	5,993,000	6,849,000	886,000

Grand Trunk Railway

Year to date	1918	1919	1920	Increase
August 31 ..	\$94,408,555	\$50,384,474	\$58,814,629	\$8,429,565
Week ending	1918	1919	1920	Increase
Sept. 7 ..	\$1,346,396	\$1,949,914	\$2,473,270	\$523,356
Sept. 14 ..	1,415,000	2,178,855	2,689,721	501,865
Sept. 21 ..	1,456,812	2,167,619	2,483,460	330,841

Canadian National Railways

Year to date	1918	1919	1920	Increase
August 31 ..	\$49,434,472	\$57,808,499	\$94,251,487	\$6,452,983
Week ending	1918	1919	1920	Increase
Sept. 7 ..	\$1,564,892	\$1,789,169	\$1,998,011	\$208,842
Sept. 14 ..	1,593,343	2,009,675	2,372,906	363,231
Sept. 21 ..	1,697,019	2,685,089	2,293,007	207,588
Sept. 30 ..	2,353,187	2,890,196	3,291,757	401,561