

# The Chronicle

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F. WILSON-SMITH,  
Proprietor.

ARTHUR H. ROWLAND,  
Editor.

Office:

406-408 LAKE OF THE WOODS BUILDING,  
10 ST. JOHN STREET, MONTREAL.

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## THE SEPTEMBER BANK STATEMENT.

The resources of the banks continue to show large increases. In September, demand deposits advanced further nearly eleven million dollars to \$454,148,049, at which figure they are \$94,832,769 higher than at the corresponding date a year ago. Notice deposits, which crossed the \$800 million mark in August, went on further in September to \$816,374,171, a gain of \$9,599,484 during the month and of \$123,034,320 during the year. Altogether, deposits by the Canadian public with the banks increased during September by \$20,430,258, the gain for the year being \$217,867,089.

But for the issue of the War Loan it is probable that deposits of the public with the banks during September would have shown an even larger increase. The growth during the month in Dominion Government balances from \$11,149,230 to \$24,300,152 apparently reflects in part the payments made on subscription to the Loan. Aside from these increases in Canadian deposits, there was also during September a substantial increase in the banks' foreign deposits, bringing these up to \$149,744,985, a growth of nearly nine millions during the month and of \$21,473,214 for the year.

### EXPANSION IN CIRCULATION.

A record September increase in circulation of \$12,628,948 is reported, bringing circulation up to the high figure of \$135,285,031—nearly \$30 millions higher than the end of September level in 1915. In connection with this indication of high prices and active trade should be noted the steady growth in recent months in the amount of Government notes also in the public's hands. At the end of February, 1916, the amount of Dominion notes outstanding was \$179,523,000, of which the banks held \$153,431,000, so that the amount in the hands of the public was about \$26,000,000. By the end of September, the amount of Dominion notes out-

standing had decreased slightly to \$174,302,000 and the amount held by the banks to \$134,433,652. The amount of Dominion notes in the hands of the public was thus increased to about \$40 millions. Taking bank notes and Dominion notes together, the amount of note currency in the hands of the public at September 30th was over \$175 millions.

### ENLARGEMENT OF LOANS.

The banks' loan accounts show the increases common to the crop-moving season, but it is significant that the banks' current loans and discounts remain very considerably below their 1915 level. These loans are reported at September 30th as \$752,545,756, a growth of \$12,607,243 for the month. At this level, however, they are still over \$18½ millions below the level of September, 1915. Canadian call loans show a slight increase for the month of \$1,794,635. Foreign call loans are also slightly higher at \$173,877,586, an advance of \$2,497,233 during the month. Total call and short loans at \$262,023,437 show a growth during the year of \$55,336,139, and the year's decline in Canadian current loans and discounts has been more than offset by a simultaneous rise in foreign loans and discounts which at the end of September were reported as \$69,949,215, a growth of \$3,392,844 during the month and of \$20,801,338 for the year.

### FOREIGN BALANCES HIGHER.

The banks continue to increase steadily their foreign balances, reflecting the active condition of the Canadian export trade. At the end of September, these aggregated over \$98 millions, an advance for the month of \$8,300,000 and for the year of over \$38 millions. The banks' holdings of securities also continued to show very substantial increase in September, their total of \$269,429,326 showing a gain of \$15,772,265 for the month and of no less than \$144,280,906 for the year.

The banks' reserve position is not affected appreciably by the September increase in the banks' loans. Against circulation and deposits of all kinds, immediately available reserves of specie and Dominion note holdings, deposits in the Central Gold Reserve and to secure the note issues, net bank balances abroad and foreign call loans were in a proportion at the end of September of 30.4 per cent. The end of August proportion was 30.6 per cent.

### THE BUSINESS PROFITS TAX.

The first payment of the Business Profits Tax imposed by the last Budget was due on November 1st. The total number of contributors under this taxation is approximately 2,500, and it is anticipated that the proceeds of the tax this fiscal year will probably run about \$10,000,000. According to Ottawa advices, there is every indication that the \$25,000,000 of revenue estimated by the Finance Minister for the three years' operation of the tax will be fully realized.