CANADIAN EXCHANGE SITUATION.

During the latter part of May the market for New York exchange in Montreal and Toronto has been affected by the appearance of grain drafts covering shipments for export released with the opening of inland navigation on May 1. Although an unusually large proportion of the 1913 crop was carried out in the fall of that year there was no sensational decrease in the amount of grain in store this spring ready for shipment at the Lake Superior ports. It appears that practically all the remaining surplus had been carried to the terminals, and the interior elevators were about bare when navigation opened. As soon as the fleet of boats cleared from Fort William and Port Arthur the grain bills covering their cargo would be dispatched to the Eastern centres; and a considerable amount of exchange would be available in New York about the middle of May. The grain exporters, writes a Montreal correspondent, have profited nicely from the fact that New York happened to be exporting gold coin to Europe just at the time their bills on Liverpool or other European ports were available for marketing; not for several years past have they been able to get such high rates for sterling exchange as have recently prevailed.

The exchange situation at the beginning of the spring grain movement favored the Canadian exporters in another way. Their bankers were enabled to bid higher rates for the sterling exchange offered by the exporters owing to the circumstance that New York funds were quoted at a premium in Canadian centres. Thus the bank could sell the sterling exchange at high rates in New York and then it could sell the New York funds (representing proceeds of the sale of sterling) at a premium.

EXCHANGES NOW FAVORABLE.

For the time being the increased supply of grain drafts has apparently turned the exchanges favorable to Canada. For over three months in 1914 New York funds have ruled at a premium—and most of the time the premium has been in the neighborhood of 5.54 per cent—the gold export point. For a week at the end of April the exchange market turned favorable to Canada and New York funds went to a discount of 1-16 per cent. That was thought to have been due to calling of loans in New York by one or two of the large Canadian banks for the purpose of transferring funds to Canada. On May 1, however, New York drafts were again selling at a premium, and they continued to sell above par until the 14th. Since the 15th of May a discount has been quoted.

It is scarcely thought that the grain movement will cause an important movement of gold to Canada at this time. As the supplies of grain at Canadian interior points are very light there will not be much exchange coming on the market after the first rush is over. But, of course, a gold movement to Montreal might be started any time if the large Canadian banks were obliged to call New York loans to meet withdrawal of special deposits. A little later in the year the Montreal and Toronto banks would, perhaps, require to import gold from New York to serve as cover for excess note issues. So if a movement of gold occurs now it would probably serve to lessen the export of metal to Canada in August or September.

WORLD'S GREAT BANKS

A compilation by the London *Statist* showing the deposits and current accounts of sixty-one of the world's great banks, having deposits and current accounts of more than $100,000,000 includes three of the Canadian banks, the Bank of Montreal, Canadian Bank of Commerce and the Royal Bank. The first two of these, it is interesting to note, stand in this relationship in about the same position as the Imperial Bank of Germany. At the head of the list comes the Imperial Bank of Russia, with deposits and current accounts aggregating $630,000,000. Lloyds' Bank with approximately $520,000,000 deposits and current accounts comes second, and the London City and Midland Bank third. The Bank of England is eighth with deposits and current accounts of about $355,000,000.

GROWTH OF BANKING POWER.

No statement that can be presented will strike the imagination more forcibly than one which gives the individual deposits of all the great banks of the world possessing deposits of $100,000,000 and over, says the *Statist*. If it be borne in mind that a generation ago the number of great banks with deposits of this sum and over could be counted on one's fingers, that the greatest of them in those days had deposits of no more than $180,000,000, that at the present time there are no less than 61 banks with deposits exceeding $100,000,000, and that the deposits of individual banks in these days range up to $630,000,000, some conception can be gained of the influence now exerted by banking upon the world's affairs. It is true that the great increase in deposits of individual banks has come in some measue from combinations and absorptions. But while this circumstance explains in part the really enormous growth in the deposits of certain banks, it does not affect the great increase in the number of banks possessing deposits of over $100,000,000 per institution. Indeed, had there been no amalgamations the number of banks possessing this amount of deposits would probably have been still greater than 61.

VALUE OF BANKERS' SERVICES.

The growth in the size of the deposits of individual banks in itself reflects the spirit of the time—the desire to act in co-operation and in combination with others. In the old days people with money favored the private banker, who was entrusted with the secrets of his customers and who guided them with his advice. In these days the private banker has almost ceased to exist, the great banks offering a much greater measure of security to depositors and performing many other services for them at small or no charge. Just as thousands of persons will in these days entrust themselves to the care of the captain of a single great ship and derive an increased measure of safety and protection, so multitudes of persons entrust their cash balances to the care of a single institution, believing their money to be safer and more secure the greater the institution. This tendency to combine and co-operate for mutual advantage has extended to every country, and all over the world great banks have arisen which gather together money that would otherwise lie idle in tills and in boxes, and thus render the sums of great value not only to those who possess them, but to the whole community.