

## INTEREST ON DEPOSITS.

At a recent meeting of bankers the question was raised as to whether the interest on deposits should be advanced, which was decided against such a change. It is not apparent why any one could suppose it likely or reasonable for the interest rate on deposits to be raised under existing conditions. There has been a remarkable inflow of these funds into the banks in the last year.

Since August, 1902, the demand deposits have increased from \$105,639,606 to \$110,542,900, and the deposits payable after notice from \$247,052,129 to \$271,597,201, the aggregate increase being \$29,448,366 in the course of the year. On the other hand the current loans and discounts in the same period have risen from \$296,711,684 to \$363,586,174, the increase being \$66,874,490. These items refer only to those classified as "in Canada," and do not include call loans. If, however, the whole of the loans, both in and outside Canada, are taken into account their aggregate at end of August last, and at same date 1902 was:

	1903.	1902.	Increase or Decrease.
	\$	\$	\$
Current loans in Canada .....	368,641,999	296,711,684	Inc. 71,930,315
Current loans outside Canada	22,450,523	31,269,259	Dec. 8,818,736
Call loans in Canada .....	41,424,670	50,067,007	Dec. 8,642,337
Call loans out- side Canada..	38,942,855	52,409,125	Dec. 13,466,270
<b>Total loans.</b>	<b>471,460,047</b>	<b>430,457,075</b>	<b>Inc. 41,002,972</b>

The deposits in and outside Canada on 31st August last and at the same date 1902, stood as follows:

	1903.	1902.	Increase or Decrease.
	\$	\$	\$
Dep'ts on demand in Canada. ....	111,735,920	105,639,606	Inc. 6,096,314
Dep'ts p'ble after notice in Can- ada .....	273,770,645	247,052,129	Inc. 26,718,516
Deposits outside Canada .....	34,709,511	37,484,456	Dec. 2,774,945
<b>Total deposits.</b>	<b>420,216,076</b>	<b>390,176,191</b>	<b>Inc. 30,039,885</b>

On the whole then the loans "in" and "outside Canada" which are classified as, "Current Loans and Discounts," and "Call and Short Loans" between August, 1902, and August, 1903, increased \$10,962,887 more than the increase in deposits.

Since 1902 the banks have added \$6,823,258 to their paid-up capital, \$7,564,312 to their reserve funds, \$5,379,039 to their note issues, and \$30,039,885 to their deposits, which additional resources amount to \$49,806,494, a sum that exceeds the aggregate increase in their loans by \$8,803,522. Such conditions do not point to there being any such urgent need of more deposits as to justify the banks in offering for them an increased rate of interest.

## THE AUGUST BANK STATEMENT.

The changes in the bank statement between end of July and close of August are very few of any moment or significance. There are 19 items out of the 30 in which the variation of increase or decrease is less than \$500,000 during the last month. The first item in the list showing a marked increase is that of "Call Loans outside Canada," which in August were enlarged from \$36,382,605 to \$38,942,855, the increase being \$2,560,250. This increase indicates there having been a more profitable field for call money operations in the United States than in Canada. In the same month the call loans in Canada were reduced from \$41,881,085 to \$41,424,670, the decrease being \$456,415. The current loans and discounts rose from \$363,586,174 to \$368,641,999, an expansion of \$5,055,825, which is a striking contrast to the decrease which took place in these loans in August, 1901, and the trifling increase of \$212,866 in that month 1902. As 16 of the banks show an increase, the expansion movement was evidently a somewhat general one, though several of the larger banks had a trifling increase and several of them a small decrease. The increase in loans outside Canada and those at home raised the aggregate of the loans from \$464,076,214 to \$471,460,047 during August.

The circulation went up to \$60,414,740, an increase of \$2,851,075 last month against an increase in same month last year of \$2,965,636. So far then the circulation has not risen as rapidly, nor to such an extent as it did last year. From the end of May to end of August the increase in 1902 was \$4,280,985 as compared with \$3,465,629, the increase in same period in present year. This, however, may be followed by an unusual enlargement in September and October. But, from present indications, the flood tide of circulation is not likely to cause any such anxiety as was experienced last year. At the end of August, 1902, the banks had a margin of \$15,235,000 for increasing their note issues, this year and at same date the margin was \$17,203,000. This improvement is not a very considerable one, but it is likely to be sufficient to give bankers a more agreeable time than they had in the fall of 1902. The spurt of the note issues up to \$61,600,000 during August and their decline before the month ended is a change more than usual.

The deposits on demand rose from \$110,542,900 to \$111,735,920, which shows the current account balances to have been less drawn upon than last year. The deposits payable after notice advanced from \$271,597,201 to \$273,770,645, which exceeds the increase in August, last year, by \$165,000.

Altogether the August bank statement may be taken to indicate normal conditions prevailing with a continuance of the expansion movement which has been more or less active for a length of time.