

uses during the year and general prosperity is indicated by the increase in savings deposits. The decrease in exports caused by the cessation of our former trade in munitions has been in part over-

come by greater sales of farm products and pulp and paper. The balance of trade remains largely in our favor, and the general position is shown in the following statistics:

	1918.	1919.	
Value of Field Crops (Dec. 31) ..	\$ 1,383,082,000	\$ 1,469,530,000 Incr.	\$ 86,448,000
Bank Clearings (Dec. 31) ..	13,776,352,000	16,701,173,000 Incr.	2,924,841,000
Note Circulation (Nov. 30) ..	234,983,000	237,547,000 Incr.	2,564,000
Chartered Banks, Deposits			
(Nov. 30) ..	2,234,253,000	2,493,570,000 Incr.	259,317,000
Chartered Banks—Current Loans			
(Nov. 30) ..	1,239,718,000	1,405,229,000 Incr.	165,511,000
Exports—Merchandise (Nov. 30)			
12 months ..	1,300,761,000	1,251,095,000 Decr.	49,666,000
Imports—Merchandise (Nov. 30)			
12 months ..	898,212,000	920,077,000 Incr.	21,865,000
Customs Receipts (Dec. 31)			
12 months ..	154,725,000	169,071,000 Incr.	14,345,000

The Western wheat crop was a disappointment, the yield being 167,000,000 bushels only. The value of the crop, however, between \$400,000,000 and \$425,000,000, was a record one on account of the high prices prevailing. By order of the Canadian Wheat Board the price of wheat was fixed at the beginning of the season at \$2.30 per bushel, and on December 27th last was advanced to \$2.80 per bushel, as against \$2.25 for the 1918 crop.

The large increase in the bank clearings indicates a material expansion in trade. The growth in deposits is remarkable considering the heavy withdrawals from the banks in connection with the November, 1918, Victory Loan, and the first instalment of the 1919 Victory Loan. Of the latter loan, which amounted to \$658,000,000, no less than 63 per cent. has already been paid.

The increase in commercial loans indicates no curtailment in this class. In fact there is keen competition for commercial accounts. The percentage of commercial loans to total deposits on November 30, 1919, was 53.85, as compared with 73.53 in November, 1914.

Munitions figured in the exports of 1919 to the extent of \$44,000,000, while they amounted to \$274,000,000 in 1918. The decrease, therefore, in exports of \$49,000,000 last year is much smaller than was anticipated.

Of the total imports, \$920,000,000, no less than \$726,000,000 came from the United States, the principal items being iron and steel products, coal, cotton and sugar. We estimate the luxuries and dispensable articles at \$88,000,000.

EXCHANGE SITUATION.

The problem of exchange grows in perplexity. The prevailing rates give additional value to almost all our exports, but our immense imports from the United States are penalized. The return to parity may be a long and difficult process, depending in great measure upon European conditions, and the course of American action. The only effective means of checking the advancing rate upon remittances to the United States is to

reduce to the lowest possible limit our imports from that country, remembering that the purchase of articles of luxury, or goods that can be manufactured in Canada, by increasing the adverse balance of trade, adds to the premium which we pay on iron, steel, coal, cotton, and other raw materials which are absolutely necessary for the maintenance of some of our industries. There are indications, however, that the present unfavorable position may be somewhat improved in the near future. The British Government has given notice of its intention to make a substantial payment on account of the indebtedness to the banks, and it is expected that within the next four months Canada will export to the United States a large amount of flour.

DEVELOPING FOREIGN TRADE.

In order to cultivate our rich business possibilities in these foreign lands and to promote reciprocal trade with Canada, we are issuing pamphlets describing their economic resources and import needs, and a Monthly Letter will be circulated reviewing general trade conditions and opportunities. Our new Department of Commercial Intelligence will further provide enquirers with any special information desired, and its scope will be limited only by the demand for its service. Through this bureau, and the financial facilities offered by the bank, we hope to stimulate the interchange of commodities between these countries of vast potential resources and the Dominion, and enable each to share in the upbuilding and prosperity of the other.

We are also co-operating in the movement in favor of closer commercial relations between the Dominion and the British possessions on this continent. These colonies form one of our natural markets, selling the things we need and buying the staples we have for export. The lowering or removal of customs barriers, and the inauguration of direct steamship communication, would result in greatly increased trade and lead to the speedy development of the agricultural, forest and mineral wealth of these colonies.