

# The Chronicle

**Banking, Insurance and Finance**

ESTABLISHED 1881.

PUBLISHED EVERY FRIDAY.

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Annual Subscription, \$3.00. Single Copy, 10 cents.

MONTREAL, FRIDAY, FEBRUARY 4, 1916.

## THE DECEMBER BANK STATEMENT.

There was again during December, 1915, as briefly noticed last week, a considerable advance in the total of the banks' deposits. The most substantial rise occurred in the demand deposits, which constitute an index to commercial activity. These advanced from \$406,735,171 at November 30 to \$423,690,384 at December 31, a gain of practically \$17 millions. Notice deposits increased during the same period by over \$63½ millions to \$720,990,267. Compared with December, 1914, demand deposits are over \$73¼ millions higher and notice deposits over \$58 millions.

These gains were registered during a period when the banks' accounts begin to show the first effects of the recent War Loan issue. In the early days of December the application moneys of this loan were credited to the Dominion Government and the result is seen in a sharp rise, almost, in fact a doubling, of the Dominion Government's balances, which at the end of December were \$28,446,549 compared with \$14,896,968 at November 30, and about seven millions in excess of the balance at the corresponding date of 1914. It is generally thought that when the first instalment payment on the War Loan became due on January 3rd, a considerable number of subscribers availed themselves of the privilege of paying up in full. In that event, it is to be expected that the January statement of the banks will show important changes in the Dominion Government's balances and possibly in the figures of the public deposits, unless the growth in the latter last month was sufficient to neutralise the effect of the transfer of funds to the War Loan.

### FURTHER INCREASE IN BALANCES ABROAD.

In Canadian call loans, following the very sharp rise of November, there was a further advance of a million from \$83,203,787 to \$84,228,155. Call loans in New York and London were increased by

\$1,627,307 to \$137,157,869. Apparently, however, the very considerable additional resources which came to the banks during the month as a result of the growth in our export trade were mainly retained as balances. Net bank balances abroad reached \$87,565,123 at December 31st, an increase of \$20¾ millions during the month, following a rise of fully \$14 millions in November.

### CURRENT LOAN ACCOUNTS.

The loan to the Dominion Government by the Bank of Montreal, which has been standing at \$5 millions for some months, was increased during December to \$13,514,895. Canadian current loans and discounts decreased \$1,644,616 to \$775,517,947 at which figure they are some \$10½ millions lower than at December 31st, 1914. Foreign current loans increased \$5,238,784 to \$58,479,739 and are \$15 millions in excess of their total a year ago. A substantial decrease is seen in the banks' municipal loans which are down by over \$10 millions to \$30,878,028. To a large extent, probably, this decrease is seasonal, owing to the repayment of loans at the close of the financial years of municipalities, which loans had been obtained in anticipation of tax collections. However, the total of the municipal loans is now nearly \$7½ millions less than at December 31, 1914, so that apparently some progress is being made by the municipalities in abstention from fresh temporary borrowing, following the sale of permanent securities.

There was again during December and coincident with the increase in the banks' resources, a further rise in their reserves. Immediately available reserves of specie and Dominion notes, deposits in the Central Gold Reserve and to secure the note issues, net bank balances abroad and foreign call loans at the end of December were in the proportion of 31.9 per cent. to the note circulation and deposits of all kinds. The end of November figures were 30.8 per cent.

### PROBLEMS OF THE POST-BELLUM PERIOD.

(Continued from front page.)

becoming awake, is likewise obviously not confined to the Western provinces.

To cope adequately with *post-bellum* conditions and problems, it would seem that Canadian industry and commerce, must on its own lines follow the same course as agriculture, by the use of improved methods where necessary, and the maintenance of production upon the intensive principle, so that resources are not locked up in unremunerative plants or extensions but well maintained in liquid form. At present, in any case, all speculations regarding *post-bellum* conditions are speculations in the dark. The only possible course of action is to be content to plan only in directions where the future can be seen with reasonable clearness, and meantime to carry on with a maximum of prudence, good management and economy, whether corporate or individual.