

LOANS AND DEPOSITS IN CANADA AND AUSTRALASIA.

It was noted in these columns some three months ago that during the first quarter of the calendar year it is customary, owing to seasonal reasons, for deposits in Australasia to show a substantial increase, and for advances (loans, discounts, etc.), to show a marked decrease. This year, however, the decrease in advances during the March quarter was very slight—owing to demands of trade expansion. During the second quarter some increase in advances is normal, but as regards amount, the 1907 showing is unusual. Below are given the changes in deposits and advances taking place during the first half-year periods of 1905, 1906 1907 respectively.

Australasia	Deposits Increase or Decrease for 1st half year	Advances Increase or Decrease for 1st half year
1905	Inc. \$ 39,620,000	Dec. \$ 5,945,000
1906	Inc. 36,420,000	Inc. 305,000
1907	Inc. 32,285,000	Inc. 9,495,000

Nothing could more clearly indicate the continued growth in business activity of the past three years—and the continued demand on banking resources. It will be noted that the rate of increase in deposits, which is a feature of the December-June development, has lessened somewhat each year—a result to be expected in a period when expanding requirements on the part of active business draw upon fixed deposits. But even more indicative of special conditions has been the course taken by advances. While these decreased nearly \$6,000,000 from new-year to mid-year 1905, they increased about \$300,000 during the same period of 1906, while for this year the corresponding item shows a growth of practically \$9,500,000.

In considering a similar exhibit of Canadian banking results, it is to be borne in mind that the item of "advances" in the Australasian showing includes not only discounts, overdrafts and loans of all descriptions, but securities and other assets not specifically enumerated in the returns. It is, therefore, much wider than the Canadian item of "current loans and discounts," as given below. Also, in order to show more clearly the purely domestic banking tendencies of the Dominion, the following table takes in only current loans and discounts and deposits of the public within Canada itself.

Canada	Deposits of Public in Canada. Inc. or Dec. for 1st half year.	Current Loans & Discounts in Canada. Inc. or Dec. for 1st half year.
1905	Inc. \$ 15,150,000	Inc. \$ 23,691,000
1906	Inc. 24,542,000	Inc. 43,277,000
1907	Dec. 1,448,000	Inc. 38,246,000

It will be noticed that the half-year changes in deposits are much greater in the case of Australasia, while the variation in loans is more marked in the case of the Dominion. There is reason to suppose (as will be shown later) that if current loans and discounts could be separated from the various other assets with which they are grouped under the head of "advances," the Australasian exhibit would show somewhat more marked changes in the half-year than it now does.

The seasonal changes during the three years have not followed so uniform a course in the Canadian as in the Australasian table; but the same increasing demand for accommodation is indicated, and the same strain upon banking facilities. That the half-year increase for 1907 was less by some \$5,000,000 than that during the corresponding six months of 1906 has been due to a slowing-up on the part of the banks that began during the second quarter of the year. In 1906, on the contrary, May and June continued to show large increases over preceding months.

Compared with a year ago, the ratio for Australasia, of advances to deposits at June 30, 1907, shows an increase of about 3 p.c., as indicated below:

Australasia	Deposits	Advances	Per cent. Advances to Deposits
June 30, 1906	\$ 637,610,000	\$ 528,610,000	82.9
June 30, 1907	674,595,000	577,750,000	85.7

In all probability, however, the increase in current loans and discounts (if these could be explained) would be found considerably greater than the foregoing indicates. The credibility of this assumption regarding the Antipodes is strengthened by grouping, for the Canadian banks, the items of (1) current loans and discounts, (2) call and short loans, (3) securities—thus making a rough approximation to the content of the term "advances." Taking the ratio of the total thus obtained, to the aggregate of deposits (including those of the Dominion and Provincial Government), the following is obtained:

Canada June 30	Total Deposits	Advances (as explained above)	Per cent. Advances to Deposits
1906	\$ 598,568,000	\$ 715,283,000	119.5
1907	664,278,000	787,821,000	118.6

On this basis it is seen that the ratio for the Canadian Banks decreases from June 30, 1906, to June 31, 1907, by about 1 p.c.; but if only current loans and discounts be considered their ratio to deposits as shown below increases 2.5 p.c.

Canada June 30	Total Deposits	Total Current Loans and Discounts	Per cent. Loans to Deposits
1906	\$ 598,568,000	\$ 534,781,000	89.4
1907	664,278,000	610,318,000	91.9