

While the 5½ p.c. rate for call loans is still supposed to be in force, it is said that some loans recently made have commanded the straight 6 per cent. The business and financial interests of the country, those at any rate which depend largely upon bank credits for carrying on their operations, will be glad to note the tendency among the banks to make substantial additions to their paid-up capital. Following the announcement by the Canadian Bank of Commerce of an issue of \$2,000,000 at 180, the Dominion Bank has announced an issue of \$1,000,000 at 200. Then the new International Bank will in a few days join the list of going banks with its \$10,000,000 subscribed capitalization, of which it appears \$1,000,000 is so far paid-up. And it is said that another important bank is likely to issue at least a million of new stock at a substantial premium. So there is a fair prospect that in the course of ten months or a year these four institutions alone will have contributed an increase of say \$9,000,000 to the paid-up capital of the banks, and they will have also increased by that much their ability or capacity for supplying tax-free currency. THE CHRONICLE has no hesitation in repeating what it said in the special article last week on the matter of the increase of bank capital, that the increase of business available for the chartered banks is of a permanent nature, and it would be glad indeed to hear of further announcements of new stock issues by the solidly established banks.

THE MAY BANK STATEMENT.

References have already been made in our columns to the heavy task which lies before the Canadian banks next fall, should the present promise of the crops hold good, and some courses of action have been pointed out, the adoption of which in our opinion are necessary, if the expanding demand for banking accommodation is to be met. So far as the task immediately confronting the banks is concerned, it would appear from the May statement that they have now begun the task of strengthening their resources against the demands of the fall. Counting the specie, legals, net foreign bank balances and foreign call loans as reserves, and applying the total to the sum of the deposits and note circulation, less the holding of notes and cheques of other banks, the May proportion of the banks' reserve to their net liabilities is 26.53 per cent. This is a considerable advance from the April position, when the proportion was 23.85 p.c.

It will be observed that in comparison with last month, the holdings of specie and Dominion notes of the banks have increased very largely—by \$6,656,524, or nearly twice as large an advance as

was made in May, 1910. In point of fact, practically the whole of the increase is in the banks' holdings of notes. The specie in the vaults of the banks was at the close of April, \$35,388,373; at the end of May, it was \$35,802,446. On the other hand, Dominion notes, which in April were \$76,423,945, by the end of May had risen to \$82,666,396. In our issue of June 2, we anticipated this showing, as a result of the recent importations of gold from New York. We then pointed out that at April 30, the total gold in the vaults of the banks and in the Dominion Treasury exceeded \$111,000,000, and we anticipated that by May 31, the \$120,000,000 mark would have been approached. The returns show the stock of gold in the vaults of the banks and in the Dominion Treasury to have been on May 31, \$118,440,580. We also pointed out that it was to be expected that the returns of the Finance Department for May 31, would show a considerable increase in the total of Dominion notes outstanding, and suggested that the circulation would probably reach \$95,000,000 on May 31. The returns of the Finance Department show that our estimate was somewhat too conservative and that, in fact, the circulation of Dominion notes on May 31, was up to \$98,314,348.

In other respects, the May bank statement is, generally speaking, of a normal character. Attention may be called to the very large increase over April in the foreign bank balances, especially in those in the United Kingdom. The net balances in banks abroad at the end of May were, in the United Kingdom, \$23,038,236; elsewhere, \$25,508,891, a total of \$48,547,127. At the end of April, the net balances were, in the United Kingdom, \$14,695,592; elsewhere, \$22,534,163, a total of \$37,229,755. This large increase of approaching \$11,500,000, is, as we said last month, distinct and gratifying evidence of the continued flow of capital—chiefly British capital—to Canada. This gain in balances in banks abroad is the chief factor in the increase in the banks' investments abroad, in comparison with the previous month, as shown below:—

	May 31, 1911.	April 30, 1911.	May 31, 1910.
Due by banks in U. K.	\$25,966,612	\$17,366,568	\$16,123,926
Due by banks in other countries.	29,492,841	26,633,086	27,081,998
Foreign call loans.	88,745,080	84,535,658	125,480,266
Foreign current loans.	33,918,314	33,783,963	38,014,462
	\$178,122,847	\$162,319,275	\$206,700,652
Due to banks in U. K.	\$2,928,376	\$2,670,976	\$6,787,417
Due to banks in other countries.	3,983,950	4,098,923	4,261,403
Foreign deposits.	69,442,818	69,062,268	80,489,233
	\$76,355,144	\$75,832,167	\$91,538,053

*Net investments abroad. \$101,767,703 \$86,487,108 \$115,162,599

*Apart from investments in foreign bonds, debentures, etc.

The other leading items show the strengthening