

# The Chronicle

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## THE OCTOBER BANK STATEMENT.

At the end of October, the total deposits of the public with the banks for the first time exceeded thirteen hundred million dollars. There was during October, a very sharp rise in the demand deposits to the new high figure of \$489,230,234, a gain for the month of \$35,082,185. In considerable part this rise is doubtless due to the increase of over \$22 millions in the banks' Canadian loans and discounts. The notice deposits which in September reached a new high record of \$816,374,171, reacted in October to \$814,297,404, a decrease for the month of \$2,076,967. There were heavy drains on this account in connection with the payment of a 30 per cent. instalment upon the recently-issued War Loan, and probably also, as in the case of the former loan, many subscribers took advantage of the discount offered to those paying up their instalments in full. Under the circumstances, a recession of only two million dollars in the notice deposits is notably small, and indicates a very satisfactory condition of affairs in regard to their continued accumulation.

### CIRCULATION VERY LARGE.

As a result of the payments on the War Loan, the Dominion Government balances were \$40,991,302 at the end of October, a gain of \$16,691,150 over the end of September. It has been suggested that during November, the Government's balances will have been considerably increased both through the payment of a further instalment of the recent War Loan and also through the collection of the tax on Business Profits. The latter tax, it was assumed, would produce fully ten million dollars this year and the addition of this amount plus the instalment on the War Loan would raise the Government bank balances for the time being to respectable dimensions.

There was again during October a large increase in the banks' circulation, which expanded by \$9,746,636 to \$145,031,667. The seasonal demand on circulation caused by crop-moving is usually at its height about the end of October, and important

influences in the expansion of circulation are also being exercised at the present time by high prices, the payment of high wages to munition workers and the expansion of the Canadian armies. A very large amount of currency beyond that normally required is undoubtedly being absorbed in the military camps and barracks.

### LOANS INCREASING.

The banks' loan accounts showed a considerable expansion during October. Call loans in Canada were increased by \$2¼ millions to \$90,412,023, and call loans abroad by \$15,468,630 to \$189,346,216, New York balances apparently being drawn upon in connection with the latter's expansion. Current loans and discounts show a notable gain for the month of \$22,383,466, rising to \$774,928,222. High prices necessitate correspondingly large loans to move the crops. Possibly also, financing of large subscribers to the War Loan accounts in part for this increase. It is likely that during November, some of the firms called upon to pay the Business Profits Tax have been considerable borrowers from the banks.

The banks' reserve position remains practically the same as at the end of September. Against circulation and deposits of all kinds, immediately available reserves of specie and Dominion note holdings, deposits in the Central Gold Reserve and to secure the note issues, bank balances abroad and foreign call loans were in a proportion at the end of October of 31.2 per cent. The end of September proportion was 31.3 per cent.

### BANKS' NEW CREDIT TO BRITISH GOVERNMENT.

It was announced this week by Mr. Edson L. Pease, president of the Canadian Bankers' Association, that arrangements have been completed by a syndicate of the Canadian banks for the extension of a revolving credit for six months and for an amount of \$20,000,000, to the British Royal Wheat Commission for the purpose of purchasing wheat in Canada.

A similar credit for \$25,000,000 has been arranged in New York. To facilitate the New York transaction a company known as the Wheat Export Company was organized with a nominal capital by the agents of the Royal Wheat Commission. The credit thus becomes a commercial transaction along customary lines between the banks and this company, but with the backing of the British Government. It is understood that similar arrangements will be made in Canada. This arrangement raises the total credits granted by the Canadian banks to the British Governments to \$120 millions.

### THE QUEBEC BANK MERGER.

The recently-announced offer of the Royal Bank to purchase the assets of the Quebec Bank was formally accepted by the shareholders of the latter institution at a meeting called for the purpose and held at Quebec on Tuesday. The matter will now go forward for the formal approval of the Treasury Board at Ottawa. As no opposition of any kind has been raised to the proposal, it is anticipated that the formal assent of the Government will be readily given. The Royal Bank will then take over the business of the Quebec Bank as at December 31st.