

diminution in the percentage, as the grain loans must necessarily increase to a considerable total; also a large expansion of the note circulation is in order.

An Ottawa dispatch states that up to the 14th October, the total inspection (all grains), of this year's crop was 31,279,000 bushels, as against 20,529,450 bushels in the corresponding period of last year. The inspection of wheat was 25,395,300 bushels, as against 17,363,850 last year. These figures indicate one important source whence the railway companies operating in Western Canada are deriving the traffic that enables them to show such handsome gains in gross. It is said that a larger than usual proportion of the grain shipments represent stored wheat.

HARVEST-TIME BANKING SITUATION.

Canada's net banking balances abroad are now somewhat over \$37,000,000. While this item has decreased during recent months, it has been due largely to increase in call loans abroad. These increased by about \$11,000,000 during September, bringing their total up to over \$131,500,000—or nearly two and one-quarter times the showing of a year ago. Call rates in New York are just now exceedingly profitable to Canadian banks. They are thus obtaining substantial returns upon money for which there is no immediate use at home, and which is being held in New York ready for increased current loan requirements at home and for settlement of Canada's steady "excess of merchandise imports over exports." It is to be remembered that the bulk of the millions of dollars of British and foreign capital now being invested in Canada comes into the country in the form of merchandise—machinery, materials for construction or manufacture, and goods of all sorts to supply the daily needs of workers busied in the development of a rapidly growing country. Thus funds newly acquired by security flotations and so forth will be gradually "translated into goods for consumption." And, pending that outcome, a large proportion of them can most conveniently be held as credits in London and New York, being available there for settling our foreign debts as they come due.

In round figures, as compared with a year ago, net banking resources abroad were as follows at the close of September—taking no account of foreign security holdings.

	Sep. 30, 1909.	Sep. 30, 1908.
Net bank balances abroad	\$ 37,100,000	\$ 56,500,000
Call loans abroad.....	131,650,000	59,800,000
Current loans abroad.....	33,000,000	27,000,000
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	\$201,750,000	\$143,300,000
Deposits abroad	76,500,000	68,050,000
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	\$125,250,000	\$ 75,250,000

Which shows a net increase of no less than \$50,000,000 during the year in resources held abroad.

As already intimated, the banks' position abroad is intimately related to their strength in liquid assets—foreign balances and call loans together making up the bulk of immediately available reserves. Below is given a comparison of September banking position this year and last with regard to reserve strength—excluding principal Canadian inter-bank assets and liabilities.

LIABILITIES.	Sep. 30, 1909.	Sep. 30, 1908
Dom. Gov. deposits.....	\$ 3,730,276	\$ 5,420,039
Prov. " "	17,977,103	11,812,803
Dep. of public, "demand".....	239,967,052	183,207,740
Dep. of public, "notice".....	474,103,799	410,332,819
Dep. elsewhere.....	76,556,786	68,071,694
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Total deposits.....	\$812,335,016	\$678,845,095
Note circulation.....	79,207,441	76,246,237
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	\$891,542,457	\$755,091,332
*Less notes and cheques other Canadian banks held.....	36,476,053	28,542,811
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Net liability.....	\$855,066,404	\$726,548,521
AVAILABLE ASSETS.		
Specie and legals.....	\$ 96,340,570	\$ 87,834,052
Net foreign bank balances.....	37,118,151	56,521,709
Foreign call loans.....	131,634,384	59,834,979
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	\$265,093,105	\$204,190,740
Per cent. of liability.....	31.0	28.1

*This item is deducted because it represents obligations of the banks held by themselves.

Looking back three years or more, it will be found that the reserve ratio (computed on the foregoing conservative basis) had fallen from 19.85 per cent. at the close of 1906, to 16.88 per cent. at the end of March, 1907, owing to continued expansion of the commercial loan item. With foresight the banks then began strengthening their position. By the close of September, 1907, the ratio had risen to 19.75, and the banks were able to increase current loans somewhat during October; reducing them again, however, and thus increasing the reserve ratio from 18.17 at October 31, to 18.63 per cent. by the end of 1907. By the close of September, 1908, it had risen to 28.1 per cent. Since which—despite current loan expansion at home and abroad of about \$50,000,000—accession of fresh resources has raised the reserve ratio to 31.0 per cent.

During September this year, current loans in Canada increased by \$17,000,000 to a total of over \$560,000,000—in marked contrast to the month's decrease a year ago. Business expansion in view of generally satisfactory harvest returns is proceeding apace. While the month-end showing of circulation still left a margin of some \$20,000,000 available without recourse to emergency circulation, it is reported that a number of the banks have this month availed themselves of the privilege of extra issue during the crop-moving season. The high prices obtainable for agricultural products