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THE COURSE OF BANK DEPOSITS.

The detailed tabulation on another page, of the course of the banks' Canadian deposits during the last three years (exclusive of those made by Governments) shows statistically the great effects which have been exercised in one direction during recent months by the monetary stringency. What has happened in connection with these deposits is this, that since last summer there has been month by month an almost entirely consistent and steady lessening in the ratio of increase of the banks' deposits, both demand and notice. The extent of this restrictive movement will be seen from the fact that while at the end of March, the total of the banks' deposits herein considered,—viz., both demand and notice deposits—only showed an increase of 5.36 per cent. over March, 1912, the latter month showed an increase of 12.84 per cent. over March, 1911, which in turn recorded a total 8.96 p.c. larger than that of March, 1910. To put the case in another way, the total of these classes of deposits with the banks has advanced during the 12 months ended March 31 last by only 51 million dollars, whereas the March, 1911—March, 1912, increase in their total was 106 millions and that of March, 1910—March, 1911, 69 millions.

In consideration of these figures, one fact needs to be borne in mind, a complication introduced by a book-keeping operation. On the Bank of Nova Scotia absorbing the Bank of New Brunswick last February, the "savings" deposits of the absorbed institution, some \$6,000,000, were transferred by the Bank of Nova Scotia from "notice" to "demand" deposits, in conformity with this Bank's usual practice. So that to the extent of this \$6,000,000 the figures given need mental rectification if a true comparison with former periods is to be made. With this fact in mind, it will be seen that the contraction in the banks' demand deposits during recent months has been even more sweeping than appeared at first

sight in the bank return. Between the end of December and the close of February there was a reduction of 36 millions in the banks' demand deposits—a seasonal reduction truly, but still one of a particularly severe character. For over a year prior to last November, the demand deposits month by month had not shown a less ratio of increase over the previous year than 15 p.c. But in November the ratio came down with a run to 10.28 p.c., and although in December there was a rally to 13.36 p.c., since that time the ratios have fallen off to such low figures, ending with 7.79 p.c. in March, as have not been recorded by the demand deposits previously in the whole period covered by the compilation.

To some extent, of course, this contraction of the demand deposits is a reflection of the policy of comparative restriction of credits which has for some time been followed by the banks; to what extent will be better seen when a second compilation showing similarly the ratio of growth of the banks' loans and discounts, which will appear next week, has been completed. In regard to the notice deposits, the table shows some interesting figures. From August, 1911, to July, 1912, there was an unbroken accretion month by month in the ratio of increase; but since July last the ratio of increase has been with similar steadiness downhill. These notice deposits attained their maximum of \$643,664,000 in August last; their total at the end of March was some 13 millions less than that. Allowing for the book-keeping alteration already referred to, it appears that there has been a real decrease in the notice deposits since last August of some \$7,000,000. The fact is an interesting indication that the public is finding itself compelled to draw freely upon its bank balances at the present time to finance as best may be those undertakings and obligations to which it has committed itself and that, under circumstances of greater monetary ease, would naturally be financed on borrowed money. Bountiful harvests should do something to restore the balances which are thus being depleted.