

THE SEPTEMBER BANK STATEMENT.

As far back as we have records of the amount of notes issued by the banks in Canada, the figures for September show an increase of from two to three millions over those of August, irrespective of the total circulation in the former month. Taking a long series of years, September shows an average advance of about ten per cent., the tendency being towards a lower percentage. Thus, in 1871, with a circulation of \$18,117,500 in August, we have \$21,210,047 in September, an increase of \$3,092,547, whereas, for many years prior to this, when the circulation had risen to over 10 millions over that of 1871 the maximum increase was \$3,084,790, which occurred in September, 1894, the advance being from \$30,270,366 to \$33,355,156. In 1890, 1891 and 1892, the average increase was \$2,453,080. Last September, circulation went up \$2,036,820. Considering how seriously the note issues had shrunk under the depression which set in about this season in 1893, which reduced them in one year by close upon two millions, we may regard the increase this year as some evidence of a turn in the tide. In previous years the discounts have enlarged in September, the proceeds of which have been drawn out in notes that have swollen the circulation; this year, however, these loans decreased by over three millions while the amount sent out in notes was increased two-thirds of that sum. The only other source open for drawing out the circulation is deposits. These, however, show a considerable increase in September, so that we must either conclude that the withdrawals of deposits were far more than offset by fresh deposits, or that the discounts for grain operations were swamped by the large

decrease in loans for other classes of business. Previous years show a correspondence between the decrease of deposits and increase of circulation, clearly indicating that money had been laid by for use after harvest. The advance then in deposits by \$1,306,268 in September, and large decrease in current loans, synchronously with an advance also in circulation, which, of course, can only have been got by drafts on the banks, is a somewhat singular feature. How heavily the proportion between discounts and note issues has diminished can be judged by the circulation in 1873 being 45 per cent. of discounts, and in 1888 32 per cent., while this year the percentage of note issues to current loans is only 16 per cent. The effect of this on the earning powers of the banks is transparent, as, if the circulation had kept developing at the same rate as discounts in the last twenty years, the banks to-day would have had fifty-seven millions more of their notes in circulation than they now have, and consequently have been to that extent less dependent for deposits upon which they have to pay interest, which leaves them hardly sufficient to pay working expenses and meet the contingencies inseparable from a money lending business. The banks are now paying a rate of interest on these funds as high as when they were able to secure from one-half to one per cent. more than they now charge for discounts. Taking the lower figure, half per cent., this amounts on the gross amount of deposits to \$920,000, which is precisely three per cent. on their paid up Capital. It is manifest, therefore, that the outcry raised by bankers so generally against those managers, who are competing for deposits by offering high rates of interest, is fully justified, and proves that those banks which are seeking deposits by exceptionally

STATISTICAL ABSTRACT OF THE CHARTERED BANKS IN CANADA
Comparison of Principal Items.

Assets.	30th Sept., 1895.	31st Aug., 1895.	30th Sept., 1894.	Increase and Decrease for month.	Increase and Decrease for year.
Specie and Dominion Notes.....	\$ 23,535,410	\$22,555,843	\$ 23,566,950	Inc. \$ 9,956	Dec. \$ 31,580
Notes of and Cheques on other Banks.....	7,818,012	6,135,949	6,469,658	Inc. 1,682,063	Inc. 1,348,554
Due from American Banks and Agencies.....	26,690,316	26,565,856	21,440,033	Inc. 124,460	Inc. 5,250,283
Due from British Banks and Branches.....	6,373,183	6,339,165	3,999,120	Inc. 34,018	Inc. 2,444,063
Canadian Municipal Securities and Brit., Prov. or } Foreign or Colonial, other than Dominion.....	9,499,491	9,393,325	10,111,798	Inc. 97,166	Dec. 921,307
Railway Securities.....	10,009,591	9,224,246	8,583,193	Inc. 785,345	Inc. 1,626,398
Loans on Stocks and Bonds on Call.....	17,096,695	16,766,317	16,207,333	Inc. 330,378	Inc. 889,362
Current Loans to the Public.....	197,729,334	197,526,285	199,773,925	Inc. 203,049	Dec. 2,044,591
Overdue Debts.....	4,538,140	4,324,234	5,325,559	Inc. 213,906	Inc. 1,212,581
Total Assets.....	321,881,711	317,441,375	311,991,002	Inc. 4,440,336	Inc. 10,190,709
<i>Liabilities.</i>					
Bank notes in Circulation.....	32,774,442	30,737,622	33,353,156	Inc. 2,036,820	Dec. 582,714
Due to Dominion Government.....	5,600,429	4,395,918	2,646,935	Inc. 1,204,511	Inc. 2,953,494
Due to Provincial Governments.....	3,911,353	3,999,523	2,068,901	Dec. 88,170	Inc. 1,842,452
Deposits made by the public.....	184,409,304	183,103,036	177,668,724	Inc. 1,306,268	Inc. 6,749,580
Do payable on demand or after notice between Bks	2,815,077	2,750,631	2,654,975	Inc. 57,416	Inc. 163,102
Due to American Banks and Agencies.....	171,861	206,373	116,267	Dec. 34,612	Inc. 55,594
Due to British Banks and Branches.....	3,868,660	4,027,049	4,268,502	Dec. 158,950	Dec. 400,442
Total Liabilities.....	234,074,548	230,741,064	224,062,249	Inc. 3,333,484	Inc. 10,012,259
<i>Capital.</i>					
Capital Stock paid-up.....	61,780,328	61,704,458	62,198,670	Inc. 75,870	Dec. 418,342
Reserve Fund.....	27,158,799	27,083,99	27,260,835	Inc. 75,000	Dec. 102,036
Directors' Liabilities.....	7,941,317	7,687,767	8,065,752	Inc. 253,641	Dec. 124,435

Deposits with Dominion Government for security of note circulation being 5 p.c. on average maximum circulation for year ending 30th June, 1895, \$1,814,624.