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THE MONETARY TIMES, AND TRADE REVIEW.

TORONTO, CAN. FRIDAY, JAN. 10, 1873.

BANKING REVIEW.

The gradual tightening of money which has continued for some time is becoming more manifest, and the general anticipation is that this will increase steadily up to Spring, when heavy demands will arise and a return to the stringency which prevailed during last Fall. The stocks of produce left in the country for winter trade are not so heavy as were held last year at this date, nor is there so much money in the Banks. Indeed, the available assets of the Banks have diminished by five millions, and the total so far has made no sign of returning in another form to that in which it appeared at this date last year.

The chief cause of this diminution in the strength of the Banks is very significant at this period as indicative of the tendency of capital to become less and less available, to become in fact, in a monetary sense extinct. The large expenditure on the Intercolonial has necessitated the withdrawal of a considerable amount of the government deposits, and however that enterprise may prosper, the amount of its cost has irrevocably gone from our money market.

The same remark, of course, applies to the expenditures upon all other enterprises of a like kind, most especially, however, on those requiring in their construction articles imported from foreign markets, which is so largely the case with Railways. While, therefore, we see the necessity for

those extensions of the older lines, and the building of new ones into districts hitherto without railway accomodation, in order to develop the resources of those sections of the country through which they pass, we see also that each of these undertakings is a competitor with established trading interests for the available resources of the Banks.

It is impossible for the present through line from the west to the sea to remain as it now is, the delay of freight, the confusion and utter break down of the goods department, from incapacity to meet the demand for cars and other rolling stock, is such an obstruction to business as must lead, ere long, to some enlarged facilities for carrying the vast volume of produce which pours in from the great west to find an exit by Canadian ports. Whatever shape that enterprise assumes, it will absorb a large sum, and we may feel certain that this and other public works about being entered upon, will inevitably produce and maintain for some length of time, a heavy demand for money, and raise its price to such a figure as will put a severe strain upon the ordinary business of the country.

The following is the official bank return or November 30th:—

LIABILITIES.		
	Oct. 31.	Nov. 30.
Capital authorised	\$53,316,666	58,316,666
do. paid up.....	45,003,435	45,715,311
Circulation	25,906,863	24,945,505
Gov. depos. on demand	3,663,302	3,356,924
Public do.	28,949,947	28,950,647
Gov. deposits at notice	4,228,322	3,910,821
Public do.	20,007,536	20,031,040
Due other Bks. in Can.	970,868	1,132,187
do. not in Canada	2,510,844	1,676,008
Sundries.....	97,834	206,816
	\$86,335,516	\$84,209,948
ASSETS.		
	Oct. 31.	Nov. 30.
Specie	6,593,990	6,158,130
Provincial Notes....	6,853,581	7,062,971
Notes, &c., of other Banks.....	3,736,042	3,705,562
Due from other Bks. in Canada.....	1,599,010	1,752,358
do. not in Canada	9,869,402	9,845,194
Total available assets	28,662,115	28,524,215
Government Stock..	1,347,169	1,328,165
Loans to Gov't....	508,252	508,252
do. Corporations	2,415,216	2,546,628
Discounts, including overdue Notes....	107,461,045	106,449,986
Real Estate.....	701,825	708,808
Bank Premises.....	1,905,874	1,831,612
Sundries	1,644,846	1,699,700
	\$144,646,342	\$143,594,369

The contraction of discounts by \$1,000,000 arises doubtless from certain of the Banks holding in their customers strictly to their lines. The larger portion of this amount is in the discount item of the Bank of British North America, which is evidently pursuing

a very conservative policy, this item of its assets having fallen \$2,000,000 since August last. In the same period the Bank of Montreal has lowered its discounts \$2,335,000. Just now there is a strong tide of money setting towards Montreal, to pay for new stock of Bank of Montreal and Merchants' Bank. This drain is almost wholly out of the coffers of other Banks, or from branches to the head offices, so that while this increase of capital may add to the power of these Banks, it will not to the general financial resources of the country. The pressure of this increase of capital is to be gauged by the prices to which the shares of these institutions have fallen. Bank of Montreal stock has been bought at a price, which, if the recent dividend is kept up, will pay over 8 per cent., and Merchants' Bank shares are in the market at a lower quotation than they are issued at, which means that the new issue is at a discount of 3 per cent.

To pay the same dividend and bonus on the new stock in the former Bank as has been distributed of late years, the extra annual profits must be not less than \$650,000, a sum which we do not suppose it is expected to realize out of Canadian business. There seems indeed every probability that this new capital will go to the same field from which about that sum was withdrawn last year, and that operations which Mr. King said were necessitated by the Bank holding such large funds at call, will now, when no such necessity exists, be carried on as one of the ordinary branches of the Bank's business. We find indication of this in the Bank of Montreal stock of specie being \$580,000 less in November than October, drained off doubtless to a very profitable market.

PROGRESS.

We feel confident that a good many interested readers of the THE MONETARY TIMES will share in our satisfaction at witnessing new evidences of its progress and success. The size and appearance of the present issue might fairly be pointed to as an illustration of this advancement. It will not be difficult to discover why we are compelled to make a permanent enlargement, dating from this number, to the minimum size of twenty-four pages. This will enable us to furnish valuable reading matter that has hitherto been excluded.

In no department has THE MONETARY TIMES enjoyed a higher mark of approval than in the steady increase of its circulation. A cosmopolitan tone and character have made its contents almost alike interesting in every part of the Dominion; hence