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MONETARY CONDITIONS AND BANK SHAREHOLDERS.

SLACK business and dwindling profits were the order of the day for English banks during the first half of 1909. The average rate of discount in London was but 1 7-8 per cent.—a rate that did not leave bankers any very ample margin for profits on deposits. For much of the half-year, percentage was like "a cabman without a fare, gone to sleep inside his vehicle." Fortunately from the banking viewpoint, conditions have changed since June; and results for the second half of the year are likely to make more cheerful reading for bank shareholders.

That they had become somewhat discouraged is evident from the course taken by the market price of English bank shares. At June 30, 1907, the average quotation, according to The Economist, was 310. By June, 1908, this had fallen one point to 309, but the year's close brought the average back to 310. However, business recession necessitated cutting dividends in several instances—the result being a level of only 305 at June 30, this year. In fact, this premium is the lowest recorded since about two years after the crisis of 1893. During the late nineties, the value of English bank shares rose rapidly, an average of nearly 350 being reached at one time in 1899. Since then there has been a fairly continuous drop, until at mid-year the low level of fourteen years ago was again reached. Anticipating general business quickening, share prices have recovered somewhat in the past two or three months, and their course from now on will be followed with interest.

BANK STOCKS IN CANADA.

IN October, 1906, the average price of ten active Canadian bank stocks went as high as 215. This was exactly a year before the New York autumn crisis of 1907. As though premonitory of coming storm, there was gradual decline to 203 at mid-year 1907. Following upon weeks of special stress a year-end level of 191 was reached; from which there was slight recovery to 193 at the close of June, 1908. While banking profits were lessened by general trade conditions, dividends were not cut down. The steadiness with which Canadian banks weathered the general financial storm of 1907 increased confidence in them.

Such circumstances, and the speedy coming of signs of trade quickening, contributed to price-recovery in bank shares. By the close of 1908 the average of the ten stocks referred to had risen to 204. Since then some of the number have registered marked advances, while others have fallen off somewhat. The average is again at about 205.

In view of the present trade and financial outlook, the strong resources of Canadian banks are likely to find profitable employment during 1910. And from now on, investors will study with increasing interest the position of individual institutions, with a view to making purchases that will best secure participation in the banking profits of Canada's growing-time.

BANKING RESOURCES AT HOME AND ABROAD.

DURING the first half of the current year, idle funds continued to accumulate at the world's monetary centres. This movement (which followed naturally upon the autumn crisis of 1907) has been checked during recent months of stock market and trade activity; and instead of world-funds now seeming redundant, market interests are anxiously scanning bank returns to see how far present demands can be met.

The banking and currency system of the United States practically necessitates some autumn strain there; and when stock market booming syncronizes with crop-moving then comes a tug-o'-war. While many expert observers look for somewhat less stringent monetary conditions within the next few months, all admit that if trade quickening continues, easy money is scarcely to be looked for during 1910.

There is no doubt, however, that Canada accumulated banking resources at a relatively greater rate than older countries during post-panic months. The still-continuing inflow of British capital especially has brought bank resources up to an unprecedented level.

As predicted in these columns when year-end banking figures were under consideration, Canadian banks are now well prepared to support any healthy onward movement of business. As time goes by, increased capital will necessarily be called for by growing operations; but for the near future a vast fund of ready resources may be looked to as "supplying the wherewithal."