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LLOYDS BANK'S NOTABLE EXPANSION.

From the outbreak of war up to the end of last year the question of bank amalgamations became more or less academic in character. The problems connected with the war demanded the pressing attention of our bankers, and ordinary business problems had, of necessity, to take second place. Towards the end of 1917, however, with war questions partially solved and consequently less insistent, and with peace issues and after-war problems having to be faced, the thoughts of those responsible for the direction and management of the banking policy of this country were more actively diverted to the necessity of making all necessary preparations for meeting the difficulties that will be encountered during the transitional period, and of coping with the many new factors that the after-war situation will undoubtedly bring. Hence there has been witnessed during the present year a drawing together of various institutions, as it is only a big bank that is capable of doing big business. After-war trade will be on a big scale, and will demand large institutions with powerful resources if the trade is to be financed in adequate fashion. First of all, it is evident that help will be required at home to cope with the demands that will eventuate for the purposes of restoration and the rebuilding of the fabric of industry destroyed or injured by war conditions. Secondly, there is the trade with our overseas dominions and foreign countries to be cared for, trade that of necessity has had to be dropped during these years of war. And beyond all this, there are the needs of foreign countries to be considered, which, though not actual belligerents, have experienced the repercussion of war effects. Our enormous foreign trade has been built up through our being willing to lend and export capital, and future demands, on a large scale, must be met if our foreign trade is not merely to be maintained, but grow. Moreover, it must not be forgotten that in practically all directions competition will be much more severe than it has been in the past. For example, the entry of the United States into the war, and the transformation of its world outlook to world-wide internationalism will introduce a new factor in world trade and industry. In addition, the various neutral nations, though undoubtedly severely hit in many ways by war conditions, have strengthened their position in some directions, and will bid very actively for trade. It may thus be anticipated with reason that competition will be exceedingly severe and keen. It thus behoves us to take all possible steps if this country is to maintain its commercial supremacy. Over and above all this, there is the evident desire of German banks to place themselves in as strong a position as possible, by means of a series of amalgamations, to maintain and increase the hold which Germany and German trade had obtained before the war on world industry. It is not surprising, therefore, that British bankers should take steps to counter such action, and that the situation should have brought about a recrudescence of amalgamations in England. It evidently demanded that British banks should be prepared to meet the menace, and that to do so they should be as strong as possible. And in perhaps no other industry is it more true that union is strength than in banking. Our bankers have thus done well to join forces and so present as strong a front as possible. The Directors of Lloyds Bank have recently entered into provisional Agreements under which, when confirmed, the business of the Capital and Counties Bank, Limited, will be amalgamated with that of this Bank, and Lloyds Bank will become the holder of the stock of the National Bank of Scotland, Limited, and the shares of the London and River Plate Bank, Limited. These arrangements will have the effect of extending and consolidating the Bank's business both at home and abroad, and of affording greatly increased facilities for trade.

THE GENERAL FINANCIAL SITUATION.

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surplus of but $8,000,000. July's trade brings it up to $28,000,000, which, however, still looks very small in comparison with the $125,000,000 export surplus rolled up in the corresponding period of last year. In volume of trade the new fiscal year continues to run far behind the preceding one. July's total was $186,000,000, as against $267,000,000 for July, 1917; and for the four months of 1918 the total is $194,000,000 less than that recorded for 1917. The great falling off is in exports, which for July are $74,000,000 less, and for the four months, $146,000,000 less than last year. The downward trend of the munition industry is shown by the decreased export of manufactures. In July, 1918, these were $51,-400,000, as against $104,600,000 in July, 1917; and in the four months they were $160,000,000, as compared with $237,000,000 last year. Agricultural exports also show large decreases. A part of the decrease in exports of manufactures and agricultural products is said to be due to lack of facilities for carrying the goods to Europe, owing to diversion of shipping to the United States transport service. It is expected that munition orders from the United States Government will now be placed here in larger volume, and if such is the case a substantial increase in exports to that country may be seen later in the year.

Call and time money in New York continues to rule firmly at 6 per cent. The clearing house banks there, in the Saturday statement reported a decrease of $4,000,000 in excess reserves—the important movements being a loan decrease of $31,000,000 and a deposit increase of $45.000,000. Government deposits decreased $87,000,000.