

with some seasonal fluctuations in the "intensity" of such demand. Abroad, recent predictions of "easy money" have changed to prognostications of hardening rates; and, in Canada, conditions have shown some tendency to reflect this in the call money market. Continued influx of investment funds from abroad is still looked to, however, as likely to prevent any real stringency in Canadian banking circles in the near future; but cheap money is certainly out of the question in view of the general business expansion now under way.

The accompanying chart makes clear the general trend of the relation between loans and deposits since June, 1906—through periods of, (1) extreme expansion, (2) business contraction, (3) gradual recovery and (4) renewed expansion.

At the close of June, 1907, deposits (including government) at home and abroad totalled somewhat over \$664,000,000, while loans aggregated about \$717,000,000, being \$53,000,000 in excess of deposits. At the close of February deposits aggregated \$ 858,000,000, while loans of all classes were \$608,000,000, so that loans were \$160,000,000 less than deposits.

The steady stream of investment capital attracted by Canada during the past two years has greatly strengthened the banks' available reserves. Indeed, the combined reserve ratio of the banks (by the following computation which eliminates principal inter-bank items) is now 27.46 per cent. as compared with 18.57 per cent. at the end of June, 1907. The high-mark for this ratio was reached in August last when it exceeded 31 p.c.; at the close of January it was

	June, 1906	Dec., 1906	June, 1907	Dec., 1907	June, 1908	Dec., 1908	June, 1909	Dec., 1909	Feb., 1910
TRADE	EXPANSION		CONTRACTION		RECOVERY		EXPANSION		
CANADIAN CURRENT BANK LOANS.	Increase.		Decrease through business lessened demands.		Decrease; liquidation covered by new flotations abroad.	Gradual Steady Increase.	Steadily increased.		
CANADIAN DEMAND DEPOSITS IN CHARTERED BANKS.	Increase concurrent with loan increase.	Decrease owing to strain on bank balances.	Continued Decrease.	Increase (after 1st two months of 1908) as funds became released from business.	Increase augmented from (1) crops, (2) securities.	continued, by receipts abroad; (2) securities.	Increase* concurrent with loan increase.	Decrease as business needs expand.	
CANADIAN NOTICE DEPOSITS IN CHARTERED BANKS.	Increase.		Decrease after August. Considerable withdrawal for stock market "bargains."	Increase after Feb. due to release of funds, and money from abroad.		Steady continued Increase.	Increase†	Decrease owing to withdrawals for investment.	

* Increase ended with November.

† Increase continued to January.

While total loans of Canadian banks are now considerably larger in amount than at mid-year 1907, they are far from bearing so large a proportion as yet to deposits.

LIABILITIES.	Jan. 1910	Feb. 1910
Dom. Gov. deposits	\$ 5,700,000	\$ 8,524,657
Prov. " "	28,776,000	31,519,125
Dep. of public, "demand"	238,424,000	236,697,987
Dep. of public "notice".....	508,208,000	507,307,733
Dep. elsewhere.....	83,368,000	73,944,685
Total deposits.....	\$ 864,474,000	\$ 857,994,187
Note Circulation.....	73,379,000	74,686,443
	\$ 937,855,000	\$ 932,680,630
*Less notes and cheques other Canadian Banks held....	37,899,000	36,925,404
Net liability.....	\$ 899,956,000	\$ 895,755,226
AVAILABLE ASSETS.		
Specie and legals.....	\$ 101,069,900	\$ 101,656,693
Net foreign bank balance.....	40,375,000	23,987,775
Foreign calls loans.....	127,935,000	120,374,681
	\$ 269,379,000	\$ 246,019,149
Per cent. of liability.....	29.99	27.46

*This item is deducted because it represents obligations of the banks held by themselves.

still practically 30 per cent., so that February brought a decrease of 2 1-2 points in the ratio. This reduction was caused largely by curtailing of call loans abroad, and withdrawal of balances held by the banks abroad—both being indications of general business expansion. An increase of \$1,300,000 in bank note circulation during the month was further evidence of trade activity.

On account of the St. Stephens Bank failure, its items are omitted from the February statement, accounting for the slight nominal decrease to be noted in the paid-up capital total. The defunct bank had a capital of only \$200,000.

DOMINION COAL DIRECTORS had a meeting yesterday, and the Steel Board meets to-day (Thursday). Naturally the Street is on the *qui vive* for announcements.

OCEAN TRAFFIC TO Canadian Ports, is this year breaking all records—even those of the banner year 1907.