

# The Chronicle

**Banking, Insurance and Finance**

ESTABLISHED 1881.

PUBLISHED EVERY FRIDAY.

F. WILSON-SMITH,  
Proprietor.

ARTHUR H. ROWLAND,  
Editor.

Office:

406-408 LAKE OF THE WOODS BUILDING,  
10 ST. JOHN STREET, MONTREAL.

Annual Subscription, \$3.00. Single Copy, 10 cents.

MONTREAL, FRIDAY, JUNE 30, 1916

## THE MAY BANK STATEMENT.

There was during the month of May a further large increase in the public deposits of the banks, amounting to approximately \$27 millions. Of this increase, demand deposits accounted for over ten million and notice deposits for \$16,700,000. In May last year, the joint increase in these deposits was under six millions. The present large increase is probably accounted for not only through the receipt of proceeds following the spring shipping of grain, but also through the distribution of the credit given by the banks to the British Government. It is estimated that about 70 per cent. of this credit comes back to the banks in the shape of new deposits, the remainder going outside the Dominion for materials, etc.

There was a balance of this credit remaining at the end of May of \$12,657,977. Whether this was a final balance or whether a further instalment of the credit had then yet to be placed at the disposal of the British Government is not clear. But the credit is now reported to be about exhausted and the May figures of the banks' holdings of British, colonial and foreign securities, under which heading in the bank return the Exchequer Bonds received by the banks in exchange for the credit come, suggest that the end of May balance was the final one. The above-described holdings are reported for May as \$106,680,437 compared with \$93,052,570 in April and \$44,384,303 in March. The increase for the two months plus the balance of the credit remaining at the end of May totals approximately the amount of the credit given.

### SHIFTING OF LIQUID ASSETS.

A considerable shifting of the banks' liquid assets took place during May. The foreign bank balances which at the end of April were \$114,804,744, were reduced to \$88,996,815, or by nearly \$26 millions, and foreign call loans were increased by \$16¼ millions to \$163,406,059. The rise in money rates in the New York market doubtless enabled the banks to utilise funds more profitably than by

merely keeping them on deposit. Foreign deposits at the end of May show only a slight recession at \$187,415,780 from the record level of \$192,041,591 recorded at the end of April.

Call loans in Canada are about \$2,300,000 higher than in April at \$84,826,636, a fact which is possibly associated with recent bond issues by the provinces and municipalities. Canadian current loans show a heavy reduction for the month of \$14,627,765 to \$763,136,917—a decrease due not only probably to the running-out of grain loans but also to the increasingly strong cash position in which many industrial plants are now finding themselves, enabling them thereby to dispense with or pay off bank loans.

It may be noted that the banks' holdings of Dominion and provincial securities continue to decline, as the banks realise their war loan holdings. An interesting indication of increased industrial and commercial activity is found in the amount reported of cheques on other banks which at \$58,493,679 show an increase of over \$20 millions or nearly 50 per cent. over the corresponding figures for May last year.

The banks continue to maintain a very high standard of reserves. Immediately available reserves of specie and Dominion notes, deposits in the Central Gold Reserve and to secure the note issues, net bank balances abroad and foreign call loans at the end of May were in the proportion of 31.9 per cent. to the note circulation and deposits of all kinds, including the Imperial Government's balance. The proportion at the end of April was 32.3 per cent. The usual comparative abstract of the statement is printed on page 729.

### GOLD AND CREDITS.

The importations of gold into the United States for British account have so far totalled about \$110,000,000 on the present movement, which began early in May. Of this total nearly \$80,000,000 has gone from Ottawa to New York, \$20,000,000 from Ottawa to Philadelphia and the remainder from Great Britain to New York. The source of the Ottawa supply has not been disclosed, though it is stated in London cables that most of it never appeared previously in the returns of any great European bank. The gold, in fact, constitutes an important reserve supply. The movement is regarded in New York as a probable preliminary to the granting of new credits to the Allied governments, which have undertaken the duty of providing a reserve for these credits. It is, of course, sound policy for the British Government to stabilise the New York money market as far as possible in order to retain favorable conditions for the liquidation of American securities hitherto held in Europe and the granting of further credits.

Sir Frederick Williams-Taylor, General Manager of the Bank of Montreal, sailed from New York yesterday for England.