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THE JANUARY BANK STATEMENT.

The banks' circulation, which had been increasing steadily for some months past and, in December, touched the record figures of \$148,785,287, experienced a set-back in January, falling from the end of December level by \$15,427,100 to \$133,358,187. Even at its reduced aggregate, however, circulation is \$22,328,615 higher than at the end of January, 1916. Demand deposits receded for the third month in succession, their January decline reaching \$30,899,891, to \$427,308,526. Notice deposits, on the other hand, continued their upward march during the month and at the end of January had reached a new high record of \$864,163,344, an increase of \$19,156,627 for the month and of no less than \$149,898,858 for the last twelve-months. These totals augur well for the success of the new War Loan to be issued next week. Foreign deposits are slightly down for the month to \$159,494,048, but compared with a year previously show an increase of \$38,959,082.

SEASONAL CONTRACTION IN LOANS.

On the other side of the account, there are a number of important changes, resulting from the seasonal contraction of business through the cancellation of grain credits. One effect of this cancellation is seen in the decline, noted above, in demand deposits; another is shown by the decrease in Canadian current loans and discounts which moved down \$13,899,410 during the month to \$806,499,147. At that level, however, they are \$47,978,655 higher than at the close of January, 1916. Apart from additions to this account through the financing of munition and army supply manufacturers, this increase is probably in part due to the higher range of prices, necessitating larger credits in various lines of commerce. Foreign current loans continue to move upwards, and at \$85,989,511 show an increase for the month of \$9,592,791, and for the year of \$24,002,666. Temporary financing by the Dominion Government, which had been in force for several months, was settled up during January, and loans to the provinces were further reduced to an almost negligible sum. Municipal loans, while showing only a small increase for the month, compare favorably with their last year's level, being down by \$7,528,098 to \$24,487,273.

CASH ASSETS AND SECURITIES.

Following the decline in circulation, the banks'

deposits in the Central Gold Reserves were sharply reduced from \$43,700,000 to \$32,050,000. This movement doubtless accounts for a considerable proportion of the increase in the banks' own holdings of Dominion notes, which during the month were enlarged from \$124,750,241 to \$143,499,253. The decrease in notes and cheques of other banks, amounting to over \$18,000,000 for the month, indicates a contraction in trade. Foreign bank balances are somewhat larger than in December, the increase in the London balances being \$4,266,156 to \$30,238,719. New York balances are, however, only \$1,220,413 higher at \$51,669,106 and apparently have only been maintained through a heavy reduction in foreign call loans, which declined during the month by \$18,330,658 to \$155,547,476. Call loans in Canada were drawn upon by \$2,832,919, bringing them down to \$79,737,064. The doubling of the Dominion and provincial securities held would probably be mainly accounted for by a new credit of \$25,000,000 to the Dominion Government, which came into force at the beginning of January, for the purpose of financing the Imperial Munitions Board.

The banks' ratio of reserve shows but little change from that for December. Against circulation and deposits of all kinds, immediately available reserves of specie and Dominion note holdings, deposits in the Central Gold Reserve and to secure the note issues, bank balances abroad and foreign call loans were in a proportion at the end of January of practically 29.8 per cent. The end of December proportion was 30.0 per cent. The decrease of nearly two millions in capital paid up follows upon the absorption of the Quebec Bank by the Royal Bank.

WEYBURN SECURITY BANK.

The annual statement of this western institution shows it to have enjoyed an extremely prosperous year. Profits for 1916 are \$82,149, compared with \$53,844 in 1915, and equivalent to 23.6 per cent. upon the paid-up capital. Dividends also reached \$48,995; \$20,000 is placed to reserve; bank fixtures are written down \$4,239; war tax on circulation takes \$3,308, and the business profits tax \$2,667, the increased balance of \$9,442 being carried forward.

The balance sheet shows demand deposits, \$1,083,187, an increase of \$219,668, and notice deposits, \$907,639, a growth of \$394,459. These increased resources have been mainly employed in increased current loans, security holdings, reflecting the Bank's participation in munitions financing, while a substantial proportion have been retained in the liquid form of call loans abroad. These last are \$215,000 against \$15,067. Current loans in Canada are \$1,118,167 against \$747,320, a growth of \$370,847 and current loans abroad, \$85,684 against \$14,984. The Bank's holdings of municipal and foreign public securities have been increased from \$9,589 to \$275,877. Bank balances at home and abroad, are down nearly \$250,000.

The success which this Bank has achieved since its establishment a few years ago, with a small capital and confining its operations to a limited field, says a good deal for the business capacity of the group of enterprising Westerners associated with it.