

The Canadian money markets are practically unchanged. Call loans in Montreal and Toronto are quoted 6 to 6½ p.c.; and commercial discounts are going at 6 to 7. The December bank statement indicates clearly that any movement towards an easier state of affairs will proceed but slowly, inasmuch as the closing month of 1912 saw a sharp decline in the ratio of reserve to liability. It is practically certain, too, that in the present month the banks have been busily engaged in redeeming note issues and in liquidating a considerable amount of current account balances. Although a large portion of the notes which are redeemed come in as new deposits, and although some of the funds taken from current accounts are merely transferred to the savings departments there is nevertheless a fairly large proportion of the liquidation that must be effected through parting with specie or legals.

In the meantime—since the close of lake navigation—the loans of the banks on wheat stored in the interior and terminal elevators have been steadily increasing. These loans must be carried, in many instances, until navigation opens again at the beginning of May.

#### THE BANKS AT THE CLOSE OF 1912.

With the publication of the December bank statement, it is possible to obtain statistical details of the progress and development of the Canadian banks last year. The newly-issued figures make an interesting comparison with December 30, 1911, the following being a summary:—

	Dec. 31, 1912.	Dec. 30, 1911.	Increase.
Paid-up capital. . . . .	\$ 114,881,914	\$ 107,994,604	\$ 6,887,310
Reserve . . . . .	106,840,007	96,868,124	9,971,883
Circulation . . . . .	110,048,357	102,037,305	8,011,052
Demand deposits. . . . .	379,777,219	335,020,693	44,756,526
Notice deposits . . . . .	632,641,340	591,068,932	41,572,408
Foreign deposits. . . . .	87,050,132	80,606,935	6,443,197
Total deposits other than Gov't. . . . .	1,099,468,691	1,006,696,560	92,772,131
Securities held . . . . .	102,140,511	94,905,903	7,234,608
Call loans, Canada . . . . .	70,655,661	72,640,526	*1,984,865
Foreign call loans . . . . .	105,952,101	92,106,695	13,845,406
Total call loans . . . . .	176,607,762	164,747,221	11,860,541
Current loans, Canada . . . . .	881,331,981	774,909,172	106,422,809
Foreign Current loans . . . . .	40,990,126	37,970,839	3,019,287
Total current loans . . . . .	922,322,107	812,880,011	109,442,096
Aggregate loans to public . . . . .	1,098,929,869	977,627,232	121,302,637
Assets . . . . .	1,526,081,158	1,390,069,518	136,011,640

\*Decrease.

It will be seen from this abstract of the principal items that only in one case do the figures of December 31, 1912, show a decrease in comparison with the close of 1911. The exception is Canadian call loans which were nearly \$2,000,000 lower last month than a year previously.

In the light of these figures the degree of stringency recently passed through can be readily appre-

ciated, the loaning of private money bringing only partial relief.

The banks' reluctance to lend money on call is sufficiently explained by the tremendous demands upon them for commercial and industrial purposes, which resulted in an increase during the twelve months in their current loans and discounts in Canada of \$106,422,809—from \$774,909,172 to \$881,331,981. Part of this increase, however, would be accounted for by loans by municipalities, pending flotation of their securities in the London market and elsewhere. Some of the Canadian municipalities have displayed anything but wisdom in recent action in this connection, and have adopted a line of action which has conduced to the restriction of the amount of funds available for the purposes of commercial and industrial development. However, there are now indications that the municipalities are gradually accepting the inevitable fact that they must pay higher rates of interest than in the past upon the securities they issue, and it may be presumed that during the coming months, the obligations of the municipalities to the banks will show some considerable reduction. Doubtless the reduction will be encouraged by the banks, since the present tendency would appear to be such that there will be ample employment during the coming months for the banks' available resources in commercial and industrial developments. The banks made a large addition to their paid-up capital last year, amounting to nearly \$7,000,000, and a number of them have still new issues in process of being actively paid up. But, as Mr. Alexander Laird suggested at the Canadian Bank of Commerce meeting last week, there would appear to be need for continued increases in the banks' capital. Circulation primarily, if not entirely, depends upon the banks' paid-up capital and in its primary form is a valuable source of profit to the banks. Its net increase last year was \$8,011,000 or over \$1,100,000 more than the advance in the banks' paid-up capital.

The deposits of the banks show a fair increase. The notice deposits, which represent more especially savings accounts and also special deposits resulting from importations of new capital, increased by \$41,572,000 which is some \$5,000,000 less than the increase in 1911. The demand deposit increase was \$44,756,000. It is evident that at the present time the deposits of the banks are being affected by the investments and speculations of various kinds now being so freely taken part in.

Last month, heavy issues of excess currency were again made by the great majority of the banks, twenty-one of the twenty-six active banks having to adopt this course. The maximum circulation of the banks last month reached the new high figure of \$120,035,377 but by December 31, there was a contraction to \$110,048,357. However, eleven of the banks, compared with eight last year, still had excess