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October Bank Statement Shows Business Deflation

Current Loans Reduced by Twelve Millions—Call Loans Also Lower — Usual Reduction in Municipal Advances — Circulation Substanially Increased—Small Advance in Savings Deposits

	October, 1919.	September, 1920.	October, 1920.	Year's inc. or dec.	Month's inc. or dec.
Deposits on demand	$ 705,280,241	$ 677,286,905	$ 687,651,781	— 2.6	+1.3
Deposits after notice	1,262,746,984	1,270,194,097	1,271,275,751	+ 0.7	+0.08
Current loans in Canada	1,104,940,160	1,417,520,756	1,405,401,227	+27.2	—0.8
Current loans elsewhere	160,713,386	202,590,184	193,749,657	+20.6	—0.4
Loans to municipalities	56,116,897	78,103,364	71,374,060	+26.8	—8.9
Call loans in Canada	100,549,390	114,669,611	113,135,902	+13.0	—0.9
Call loans elsewhere	158,194,085	186,962,960	188,367,459	+48.9	+1.1
Circulation	242,509,573	242,988,866	252,882,760	+ 4.2	+4.1

While the October bank statement reveals some unusual changes in some accounts, it does nothing more than reflect the real business condition of the country. The feature was a marked reduction in current loans, in comparison with substantial increases shown in the September exhibit and in the statement of a year ago. The change, although seemingly unnatural, is consistent with the position of the commercial and industrial community. Many merchants and manufacturers, in anticipation of lower prices, are not buying goods, while others are so heavily overstocked that they have reduced their purchases to a minimum. Everybody appears to be selling out, and awaiting the approach of more certain conditions, before engaging in extensive buying. It is readily apparent that under such conditions the natural tendency would be a reduction in loans, as merchants will not require a great deal of money if they are not buying. Another factor which must be taken into consideration is that farmers are now in a position to pay off their loans.

Call Loans

There was a slight decrease of .9 per cent. in call loans in Canada, as compared with an increase of .9 per cent. in September. Since the beginning of the year, the trend of call loans has been regular, but chiefly downward. The following table illustrates the course of both of the Canadian loans accounts during the past thirteen months:—

Loans.	Current in Canada.	Call in Canada.
1919—October	$1,104,940,160	$100,549,390
November	1,189,408,423	121,754,469
December	1,207,109,046	125,888,760
1920—January	1,226,962,963	132,015,334
February	1,257,015,902	127,251,919
March	1,322,267,030	128,233,310
April	1,347,238,230	125,644,859
May	1,349,079,981	119,114,493
June	1,365,151,083	115,272,587
July	1,377,276,853	115,360,894
August	1,385,470,153	113,598,923
September	1,417,520,756	114,669,611
October	1,405,401,227	113,135,902

Call loans abroad increased during the month, but the change was not very significant. The monthly movement during recent years is seen in the following figures:—

	1917. $	1918. $	1919. $	1920. $
January	155,747,476	132,687,066	140,819,656	170,206,805
February	162,344,556	160,239,494	155,983,681	184,469,882
March	161,616,735	167,296,701	160,116,443	205,202,133
April	159,156,054	179,818,531	155,533,666	206,229,451
May	168,692,675	172,259,879	157,176,325	213,964,182
June	159,309,133	170,034,476	167,236,045	219,214,431
July	151,875,676	167,112,836	178,098,434	203,045,209
August	176,610,625	160,544,990	174,176,578	193,888,245
September	166,480,004	159,680,810	169,532,489	186,962,960
October	151,018,747	157,040,858	158,194,085	188,367,459
November	139,832,552	171,035,732	169,626,880	....
December	134,483,482	150,248,322	172,232,161	....

It is also interesting to note the trend of the loans accounts in October of recent years:—

Oct.	Current loans in Canada.	Current loans elsewhere.	Call loans in Canada.	Call loans elsewhere.
1915	$ 780,785,754	$ 49,612,985	$ 74,574,270	$120,681,624
1916	774,928,222	79,459,621	90,412,023	189,346,216
1917	883,986,860	93,821,865	71,653,719	151,018,747
1918	1,003,593,603	112,869,399	73,685,136	157,040,858
1919	1,104,940,160	160,713,386	100,549,390	158,194,085
1920	1,405,401,227	193,749,657	113,135,902	188,367,459

Savings Deposits

There appears to be a great deal of concern regarding the saving qualities of the people. The October bank statement shows an increase of a little more than $1,000,000 for the month, which does not compare very favorably with previous showings. This may not indicate, however, that the Canadian people are not as thrifty as they were, but perhaps that they are saving more profitably. There are many ways of saving, and many are waking up to the fact that they can earn more than 3 per cent. on their surplus funds. One man has remarked: "I do not see why I should lend my money to the banks for them to invest and make handsome profits on, when I can do that myself and increase my income correspondingly." This undoubtedly reflects the trend of the