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## THE BANK OF MONTREAL'S STATEMENT.

The half-yearly statement of the Bank of Montreal for the period ended April 30th is notable in regard to the large increase shown in interest-bearing deposits. Their total of \$232,731,994 compares with \$210,439,032 at the close of October last and with \$194,006,551 at April 29th, 1916. So that the growth in six months of these deposits has been over \$22,000,000, and during twelve months over \$40,000,000. At April 30th, 1914, before the war, these deposits were only \$157,722,511. Probably their marked increase is largely due to the accumulation of cash by industrial and commercial organizations, which have been enjoying an active and profitable business during the war, but whose managements are inclined to caution in regard to the future, and are accordingly fortifying themselves by the retention and accumulation of substantial cash reserves. The increased prosperity of the agricultural community, with which the Bank of Montreal is in close touch through its widely-spread network of branches, would be also undoubtedly a marked influence in this connection, and the savings of careful private individuals, enjoying at present unusually high wages or salaries may also have had an effect, though probably a slight one, upon the total. The large decrease in non-interest bearing deposits reported in comparison with a year ago—\$91,412,285 against \$134,601,102—is accounted for by the fact that at the time of the April, 1916, statement, the Dominion Government had recently floated a \$75,000,000 loan in New York. In consequence of this loan, the deposits of the Bank of Montreal were swelled temporarily very largely, as were also the bank balances abroad, which in the present balance sheet are reported as \$23,189,920 against \$67,171,736 a year ago. Their existing level compares with \$14,205,378 in 1915 and \$10,750,379 in 1914.

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The great demand at the present time for currency, as a result of commercial and industrial activity and the high level of prices, is reflected in the Bank's circulation, which at April 30th was up to \$21,891,437, a growth of practically \$4,000,000 over the figures of a year ago, which were \$17,936,058. The April circulation exceeds by over \$100,000 the figures reported for the end of October last, \$21,779,134, when the demand for circulation is usually at its height owing to the crop movement. Current loans and discounts

are over \$2,000,000 lower than a year ago at \$109,313,438, compared with \$111,424,634 in April, 1916. In view of the fact that a substantially enlarged volume of credit, in comparison with 1916, is now necessary to finance a corresponding volume of business, owing to the higher range of prices, it is evident that Canadian industry and commerce has made substantial progress during the year in discharge of bank indebtedness. Demands upon the Bank's loaning capacity have, however, come in connection with war financing, shown in the greatly enlarged volume of securities held, which at April 30th last were \$59,085,684 against \$31,021,547. Dominion and provincial government securities are reported at \$16,273,465 against \$450,871 a year ago and British, etc. securities as \$28,090,026 compared with \$12,739,931. Holdings of railway, etc. bonds are reduced to \$14,722,192 from \$17,832,745. It may be noted that the war financing now being done by the banks is mostly on securities of very short date, the banks' liquid position being accordingly unimpaired, while they are rendering the most valuable and important assistance to the Canadian and British Governments. Two years ago the Bank's holdings under the two headings of Dominion and provincial government securities and British, etc. securities were less than a million dollars, whereas at the present time they are over \$44,000,000. A magnificently liquid position as usual is maintained by the Bank, quick assets being in a proportion of 77.2 per cent. to liabilities to the public compared with 76.9 per cent. a year ago.

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The whole statement affords convincing evidence of that foresight in policy and statesmanship in action which have long been a characteristic of the leading Canadian banks, thus enabling them to steer in safety through the financial crisis at the outbreak of war, and since to render that important service to the financial cause of the Allies, which has not only been of very great value to Great Britain, but of immense importance to Canada in the stimulation of industry and trade. No less than \$170,000,000 has now been supplied by the banks, for advances to the Imperial Treasury to meet the cost of munitions and supplies purchased mainly in Canada, and of the \$350,000,000 war loans issued so far in Canada \$125,000,000 has been similarly utilized. This fine record, which is being steadily bettered as time goes on, speaks for itself.