

presumably receive a similar amount in February when the first instalment was paid. In order to transfer the funds to Canada the bank would require to sell a considerable amount of sterling exchange in the New York market.

MONEY A LITTLE EASIER.

It is apparent that the monetary pressure in the two Canadian centres has relaxed to some extent during the past fortnight. While the rates for call loans are maintained at 6 to 6½ p.c., the bankers are a little more inclined to consider requests for brokers' loans. The transfer to this side of the ocean of the proceeds of British loans and of the railway issue above referred to, would naturally have a tendency to improve the condition of the money market. And the departure of the fleet of grain boats from the Lake Superior ports would also have a tendency to restore normal conditions. In the course of two or three weeks a large amount of sterling exchange, representing the export of grain to Europe, will be available for the liquidation of grain loans carried by the banks. These grain loans have been financed in part through the Canadian banks drawing heavily upon their London correspondents. When the May bank statement appears it is likely that the big London overdrafts which have characterized recent monthly returns will have largely disappeared.

THE MARCH BANK STATEMENT.

Under normal circumstances March is a month of expansion for the Canadian banks. With the break-up of the winter, the industrial and mercantile interests begin active preparations for the operations of the coming summer. The accumulation of raw materials, the inauguration of improvements and extensions of equipment and plant, and the importation of fabrics and merchandise from abroad to supply the spring and summer trade are all causes which help to swell the demands upon the banks for loans. So that it is natural to find a considerable expansion every March under the heading of current loans and discounts in Canada.

A SMALLER ADVANCE.

This was the case last month. The newly-published bank statement for March shows that the current loans and discounts of the banks in Canada increased by \$8,400,720 from \$882,112,726 to \$890,513,446. But in comparison with immediately preceding years, this March advance in the banks' loans is comparatively small. In March, 1912, these loans increased by over \$22,000,000 and in March, 1911, by \$21,360,000. The lesser increase of last month may probably be accounted for in two ways. In the first place, owing to the banks' extended position, they have been granting advances less freely than formerly. In the general interest, speculating clients have

had their activities carefully hampered. On the other hand, it is possible that some people have not found it necessary to apply to the banks for as large accommodation this spring as before—the dealers in luxuries, for instance, who as we have already noted, are finding a falling off in demands from the West, that part of the country being in process of learning the lesson of economy. It is the combined action of influences such as these, originating at different points of the economic organisation, that will in the long run minimise tight money.

RESERVE POSITION STRENGTHENED.

While thus meeting the demands made upon them by the commercial and industrial interests, the banks succeeded last month in further strengthening their reserve position somewhat—to the extent in fact of four-tenths of one per cent., as against an advance of a third of one per cent. in February. But at the end of March, the reserve was fully 2½ points below that of March, 1912, and two points below March, 1911. These facts do not suggest cheap money at an early date, even if importations of new capital help things along. Last month, the only notable changes in regard to deposits, were in the demand deposits, which advanced some \$8,000,000 above February's level to \$357,756,659, and in the foreign deposits, which increased \$6,000,000 to \$97,860,303. Circulation was \$5,000,000 higher than in February at \$102,202,047. On the other hand, the banks increased their holdings of gold by 1½ millions to \$39,000,000; kept their Dominion notes at February's level of \$91,500,000; cut down their foreign bank balances by some 7½ millions to \$13,973,793, turning these 7½ millions and, apparently also other new funds into call loans in the foreign centres, which were advanced by \$14,000,000 to \$109,227,927. In the case of the Bank of Montreal, foreign bank balances which at February 28 were \$16,660,000 had been reduced by March 31 to \$7,526,000, or by over \$9,000,000, while between the same dates foreign call loans were advanced from \$56,837,947 to \$66,957,289 or by over 10 millions.

LONDON BALANCES AND NEW ISSUES.

It may be noted that at the end of March as at the end of January their London balances were against the Canadian banks. Recent heavy issues made by the Canadian municipalities and others in the London markets should have a useful effect in swelling the banks' easily available funds, pending the employment of the proceeds of these loans in the works for which they were borrowed. Meantime, the banks continue to keep a tight rein on Canadian call loans, which at \$70,731,000 last month were over \$500,000 less than in February.

The *Pacific Underwriter's* Insurance Chart for 1913 is to hand. It has the merit of being useful.