

BANK DEPOSITS AND WAR LOAN PAYMENTS.

The effect of the Dominion War Loan upon the public deposits of the Canadian banks is reflected in the January bank statement. As will be in recollection, not only was an instalment of $7\frac{1}{2}$ per cent. due upon the loan on January 3rd, but subscribers were given the opportunity beginning at that date of paying up also their instalments in full under discount at the rate of 4 per cent. per annum. That this privilege had been extensively availed of became evident on the publication of the January statement of Dominion finances. It then appeared that fully \$56 millions of the Loan had been paid up in advance of the instalments. The figures of the banks as at January 31st now published show a decline in Canadian public deposits from December 31st of \$43,413,239, and there is also shown a decline of \$14,115,217 in foreign deposits, the total decline in deposits for the month, apart from Government deposits, being \$57,528,456. While the War Loan does not wholly account for the decline in the deposits of the Canadian public—in connection with the figures of which must also be read the decrease of about \$17 millions in current loans and discounts for the month—it may be considered that to a certain extent the decline in foreign deposits is due to subscriptions from abroad to the War Loan. That there were a certain number of such subscriptions is well known.

A YEAR'S PUBLIC DEPOSITS.

In connection with these movements, it is instructive to study the course of the banks' Canadian public deposits during the past year. The monthly figures are as follows:—

	Demand.	Notice.	Total.
January, 1916	\$387,002,926	\$714,264,486	\$1,101,267,412
December 1915	423,690,384	720,990,267	1,144,680,651
November	406,735,171	714,219,286	1,120,954,457
October	392,042,193	701,336,850	1,093,379,043
September	359,315,280	693,339,851	1,052,655,131
August	334,022,174	692,580,626	1,026,602,800
July	340,950,215	691,731,719	1,032,681,934
June	349,057,351	683,761,432	1,032,818,783
May	347,346,119	691,891,287	1,039,237,406
April	347,325,937	686,075,124	1,033,401,061
March	339,814,286	676,875,790	1,016,690,076
February	331,415,179	671,088,613	1,002,503,792
January	329,916,730	666,960,482	996,877,212

While from the close of January, 1915, to January 31st, 1916, the banks' Canadian public deposits show the very large increase of over \$104 millions, it is important to note that this increase is not by any means spread over the whole year, but is mainly concentrated in the period since August. Between the end of January, 1915 and the end of August, the net gain in the Canadian public deposits of the banks was under \$30 millions. From the end of August to the end of January, 1916, the gain was practically \$74 millions. Mainly, also, this gain was in demand deposits. Between August and the end of January, 1916 the net gain in demand deposits was \$53 millions, while during the same period the advance in notice deposits was under \$22 millions. Actually between the end of August and the end of December, 1915, the gain in demand deposits was in excess of \$88 millions.

The major portion of this increase in deposits would be due to returns received following the shipment of crops and the export on a large and increasing scale of munitions and army supplies. But, in part, at least it seems the high level of the banks' demand

deposits would be the result of operations concerned with the flotation of the War Loan. During November, there was an unwonted increase of over \$8½ millions in the banks' Canadian call loans to the unusually high level of over \$83 millions—a level which has been since practically maintained. This unusual increase in Canadian call loans, there is little reason to doubt, was mainly caused by the financing of some of the large subscribers to the War Loan—borrowings for the purpose of subscription in anticipation of collections, or borrowings for large underwriting operations. Thus one effect of the War Loan was to inflate to a certain extent both the banks' call loan accounts and their demand deposits.

A MODERATE REDUCTION.

With the transfer of funds and credits to Government account, this inflation of the public deposits would cease, and the call loans will be gradually liquidated as new funds come in to the subscribing corporations, who have borrowed from the banks, and as underwriters place their holdings with investors. Viewed in perspective, it does not appear that the present reduction in the banks' public deposits, as a result of the War Loan, is serious. Practically, the present reduction brings the banks' public deposits to about where they were at the beginning of November, prior to the issue of the War Loan. As already stated, they are over \$104 millions larger than at January 31st, 1915. The War Loan drain upon deposits will continue until May, instalments of 20 per cent. each being due on February 1st, March 1st, April 1st and May 1st, but, in view of the

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IT IS an advantage sometimes to keep a bank account in the names of two persons, so that either one may make withdrawals. Such an account is called a "joint account." We shall be pleased to furnish particulars.



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