

## THE MAY BANK STATEMENT.

Further growth in notice deposits and another advance in the banks' foreign call loans are the leading features of the May bank statement. At the end of April, the notice deposits had reached the new high figure of \$686,075,124, an increase of \$9,199,334 for the month. During May, these deposits moved up further to \$691,891,287, an increase of \$5,816,163. At the end of May, they were \$27,945,534 in advance of their total at the corresponding date of 1914.

The statements of the individual banks show this increase to have been well distributed among them. It would be in part accounted for by the financial arrangements consequent upon the purchase here of war equipment and supplies, and to a certain extent by the continued accumulation of idle commercial funds. In due course, these funds will be required for the financing of the crops, an operation which, if all goes well with them, will require an exceedingly large amount of funds this year. Meantime, these funds are being temporarily employed at not very profitable rates of interest in the call loan markets abroad—London and New York. The banks' call loans increased last month by \$14,575,864, bringing them up to the high level of \$136,098,835—within nine millions of the record level established a year ago last March. The increase in these loans during the last three months has been 46 millions and from the low point of last autumn they have advanced some 62 millions. Coincidentally with this expansion in foreign call loans there was also last month a forward movement in home call loans, which advanced nearly three millions to \$71,516,953—at which figure they stand \$4,300,000 higher than a year ago.

### COMMERCIAL LOANS AGAIN DOWN.

Normal trade apparently continues slack. The only figures to offer slight encouragement in this connection are those of circulation, which at \$99,125,136 show an advance of \$2,836,738 for the month and \$1,364,215 on the year. Commercial loans are again down by \$2,300,738 to \$760,631,113 at which figure they are practically 78 millions lower than at the corresponding date a year ago. Municipal loans, however, increased last month \$917,076, and are \$10,258,859 higher than a year ago.

An interesting feature of the statement is a reduction in the amount of Government demand notes carried by the banks. The decrease amounted to

more than 5½ millions, the first important change in this item in a good many months. In view of the inflation that has taken place in these notes since last July, any effort to reduce the amount outstanding will be welcome. The banks still hold over 37 millions more of this currency than a year ago. Possibly, however, the reduction in bank holdings of the notes in May is merely coincident with a larger trade demand for currency, exemplified in the circulation of the banks' own notes.

The banks' reserve position continues to be one of exceptional strength. Their holdings of specie in their own vaults and in the Central Gold Reserve, and Dominion notes plus net bank balances abroad and foreign call loans, were at the end of May in the proportion of practically 29 per cent. to their circulation and deposits, compared with 28.1 per cent in April.

### FATRIOTIC SAVING.

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outside capital. There is no reason to doubt that when the war is over, that British capital will flow again freely to Canada. A preference on the part of the British public for investment within the British Empire and the countries of its allies is almost certain to follow the war. But it may well be, if the war is a very long one, and even more expensive than now seems likely, that at the close there will be some form of governmental regulation of borrowings in London. This would certainly be altogether foreign to the existing traditions of the London market. But in view of the drastic powers in many directions obtained by the Government during the last year, the possibility of such regulations under certain circumstances, cannot be ignored. In that case our borrowings might be considerably circumscribed in amount or confined along certain lines. In any case, it would clearly be to our advantage to have large home funds available for development and investment. All the indications point to an increased demand for Canada's primary products by Europe during the next few years, and it will certainly be wiser that the proceeds received from the sale of these should be steadily devoted to meeting, and if possible, reducing our obligations abroad and then accumulated to provide for further development, than that they should be dissipated in stupid luxuries or in wild speculation

## ABSTRACT OF THE BANK STATEMENT FOR MAY, 1915.

(Compiled by The Chronicle).

	May 30, 1915.	April 30, 1914.	May 31, 1914.	Month's Change.	Year's Change.
<b>LIABILITIES.</b>					
Circulation	\$ 99,125,136	\$ 96,288,398	\$ 97,760,921	+\$ 2,836,738	+\$ 1,364,215
Demand deposits	347,346,119	347,325,937	340,748,488	+ 20,182	+ 6,597,631
Notice deposits	691,891,287	686,075,124	663,945,753	+ 5,816,163	+ 27,945,534
Foreign deposits	96,912,047	104,310,620	95,392,439	- 7,298,573	+ 1,519,608
Total liabilities	1,327,453,565	1,321,638,542	1,301,012,035	+ 5,815,023	+ 26,441,530
<b>ASSETS.</b>					
Specie	\$ 64,112,766	\$ 64,136,717	\$ 45,112,027	- 23,951	+ 19,000,739
Dominion Notes	131,064,697	136,717,033	93,817,657	- 5,652,936	+ 37,247,040
Deposits in Central Gold Reserve	5,900,000	5,800,000	3,500,000	+ 100,000	+ 2,350,000
Securities held	115,715,698	113,861,441	101,672,532	+ 1,854,257	+ 14,043,166
Canadian call loans	71,516,953	68,599,095	67,210,504	+ 2,917,858	+ 4,306,449
Foreign call loans	136,098,835	121,522,971	129,897,328	+ 14,575,864	+ 6,201,507
Canadian current loans	760,631,113	762,931,851	838,462,686	- 2,300,738	- 77,831,573
Foreign current loans	36,375,658	37,705,039	51,812,875	- 1,329,381	- 15,437,217
Loans to municipalities, etc.	43,948,436	43,031,360	33,689,577	+ 917,076	+ 10,258,859
Total assets	1,568,792,400	1,564,103,718	1,545,890,003	+ 4,688,682	+ 22,902,397