a rule, affect the year as a whole, and can be ascribed to purely Canadian causes, but a cessation in the annual increase and volume of the circulation tells a different and more serious tale, generally one of over-speculation and its inevitable finale. At all events, the reason is international and not national in character and as a rule arises out of the financial maladies of our neighbours. The panic of 1907 in the United States is still fresh in our memories, and the consequent depression in business the following years seriously affected the circulation, showing the curtailment of all expansion and enterprise throughout the country. A similar condition will be observed to follow other panics. A glance at the years 1892, 1893 and 1894 shows the average circulation of these years as \$32,000,000, \$34,000,000 and \$31,000,000 respectively, the latter figure showing the reaction from the panic of 1893. It will be noted, however, that 1010 promises to more than recover the lost ground, as the average for the first five months is \$76,000,000 and we must remember that these are among the lowest circulation months of the year.

Another interesting fact, which the study of the annual fluctuations discloses is that from 1868 to 1891, the lowest mark in the circulation was generally reached in July, instead of in January, which is now the lowest month. In fact, (with the exception of July, 1870), that month was lower than January in every instance. But about 1889, evidences of a change commenced to show themselves, and by 1895 the re-adjustment was completed and January became our largest redemption month, showing the circulation at its lowest point and has held that position ever since. Such a radical change must mark an epoch making event in the history of the Dominion; this was no less an event than the opening up of our Great West, and the entering of Canada into the arena

of the world's wheat growers. Year by year, as our wheat product increases, the January redemp-tion will increase also. It threatens to assume dimensions altogether out of proportion to our general circulation and will, no doubt, test the ability of our system to the utmost.

In every country, more especially every new country, where the agricultural influences are naturally predominant, the alternations of the seasons, the rotations of the various crops and other agricultural and lumbering products have a marked influence on the currency requirements of the nation, and in Canada the machinery of its circulation system is such that it expands and shrinks automatically according to the condition of the country. It will expand to pay for butter and cheese, move the crops, pay for lumbering operations, here, there and everywhere, and when it has performed these respective duties it contracts silently without the least disturbance of the money market, or any of the banks' numerous functions or obligations.

We summarise Mr. Patterson's analysis of the note fluctuations and their causes in the various months of the year as follows:-

January-Circulation at lowest; nothing doing; average of nearly \$8,000,000 redeemed.

February-Slight output, depending on lumbering. March-Increased issue, lumbering camps paid off. April-This circulation returns.

May-General average of inertia.

June-Activity throughout country; lumber drives paid off; payment for dairy products begins,

July-Notes return as in April.

August-Circulation increased by dairy and farm product payments.

September-Circulation further increased by cereals. October-Highest point of circulation.

November-December-Steady return of notes.

Volume of Circulation of Canadian Banks in Millions

1901-10

	JAN.	FEB.	MARCH	APRIL	MAY	JUNE	JULY	Aug.	SEP.	Ост.	Nov.	· DEC
1901 1902 1903 1904 1905 1906 1907 1908 1909	45 48.6 55 57 58 60.9 68.2 66.8 65.8 73.3	45.9 49.5 55.7 57.7 58.8 62.4 70.5 68.5 67.3 74.6	47.6 52.4 58.3 59.7 58.7 65.9 76.3 69 68.7 78.2	47 50.7 55.9 58.6 59.9 66.5 72.8 66.7 67.2 78.7	46.1 50.8 56.9 57.9 58.1 64.2 70.7 67.7 68.5 77.1	49.1 54 58.9 60 61.5 69.3 75.5 68.1 70.1	48.9 52.1 57.6 59.9 61.2 68.1 77.9 66.6 71	51.4 55 60.4 60.2 62.4 70.1 76.5 70.3 71.8	56 61 63.7 63.8 69.8 77.2 79.4 76.2 79.2	58 65.9 70.5 72.2 76.8 83.7 84.2 83 89.6	57.7 64.5 67.4 69.4 72.5 80.5 84.4 80.2 86.3	54.4 60.6 62.5 64.6 69.1 78.4 77.3 81.

DIFFERENCE OVER PREVIOUS MONTH.

901 902 - 5.8 1903 - 7.5 1904 - 5.5 1905 - 6.5 1906 - 9 1907 -10.2 1908 -10.7 1909 - 7.2	+ .9 + .9 + .7 + .8 + 1.6 + 2.3 + 1.7	+1.7 +2.9 +2.6 +2 1 +3.5 +5.8 +.5	6 -1.7 -2.4 -1.1 +1.2 + .6 -3.2 -2.3 -1.5	$ \begin{array}{r}9 \\ +.1 \\ +1 \\ -1.8 \\ -2.3 \\ -2.1 \\ +1 \\ +1.3 \end{array} $	+3 +3 2 +2 +2.1 +3.4 +5.1 +4.8 +4.4 +1.6	2 -1.9 -1.3 1 3 -1.2 -2.6 -1.5 + .9	+25 +2.9 +2.8 + .3 +1.2 +2 +3.6 +3.7 + .8	+ 4 6 +5 +3.3 +3.6 +7.4 +7.1 +2.9 +5.9 +7.4	+ 2 + 4.9 + 6.8 + 8.4 + 7 + 6.5 + 4.8 + 6.8 + 10.4	-1.4 -3.1 -2.8 -4.3 -3.2 + .2 -2.8 -3.3	
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