

FINANCIAL REVIEW.

We present below a condensation of the monthly statement of Canadian Banks for February, 1905. It is compared with the Bank Statement for the previous month, and shows capital, reserve, assets and liabilities, and average holdings of specie, Dominion notes, etc.:

Canadian Bank Statement.

LIABILITIES.	Feb. 1905.	Jan. 1905.
	Capital authorized	\$100,546,666
Capital paid up.....	81,431,491	80,378,420
Reserve Funds	54,711,209	54,194,407
Notes in circulation.....	\$58,828,919	\$58,021,075
Dominion and Provincial Government deposits	11,221,771	11,038,083
Public deposits on demand in Canada..	123,932,727	128,962,627
Public deposits after notice	326,183,257	322,270,620
Deposits outside of Canada	38,826,889	39,470,656
Bank loans or deposits from other banks secured	1,254,585	1,104,292
Due to other banks in Canada	4,853,698	5,003,241
Due to Agencies or other banks in Great Britain.....	3,297,300	2,716,272
Due to other banks in foreign countries..	1,244,514	1,511,299
Other liabilities	8,613,601	7,738,654
Total liabilities.....	\$578,257,337	\$577,836,895
ASSETS.		
Specie.....	\$17,125,902	\$17,796,556
Dominion notes	38,014,373	37,804,229
Deposits to secure note circulation.....	3,328,771	3,328,771
Notes and cheques on other banks	21,052,475	21,067,517
Loans to other banks, secured	1,274,584	1,085,854
Deposits with other banks in Canada	6,391,103	6,016,708
Due from Agencies or other banks in Great Britain.....	9,341,754	9,472,707
Due from other banks in foreign countries	19,910,524	20,173,572
Dominion or provincial Govt. debentures or stock	9,630,312	9,374,847
Other securities	56,006,560	56,562,600
Call and short loans on bonds and stocks in Canada.....	36,802,704	38,214,280
Call and short loans elsewhere.....	45,670,704	46,184,911
	\$264,549,766	\$267,082,552
Current Loans in Canada	414,233,873	412,901,073
Current Loans elsewhere	21,573,309	18,324,151
Loans to Dominion and Provincial Governments.....	2,000,481	1,948,922
Overdue debts	2,189,153	2,130,438
Real estate	680,107	667,370
Mortgages on real estate sold.....	762,757	768,024
Bank premises	10,285,958	10,256,826
Other assets	7,501,556	6,797,205
Total assets	\$723,777,147	\$720,876,763
Average amount of specie held during the month	17,584,285	17,512,748
Average Dominion notes held during the month.....	38,076,060	37,135,737
Greatest amount notes in circulation during month	59,396,303	64,031,382
Loans to directors or their firms.....	10,089,834	9,933,389

As is usually the case at this time of the year, the figures present few marked differences from those of the previous month. Paid-up capital, indeed, has increased from \$80,378,000 to \$81,431,000, and the Rest from \$54,194,000 to \$54,711,000, but this has been caused almost entirely by shareholders of the Canadian Bank of Commerce making payments for the \$1,300,000 of new stock recently allotted to them. The paid-up capital of that bank has thus been increased during the month by \$794,000, and the Rest

by \$317,000. The Traders Bank of Canada has added \$194,000 to its paid-up capital, while one or two other banks have made small additions to their Rests.

With a regularity that is now acquiring almost the precision which attaches to the operation of a natural law, note circulation each year reaches its lowest point in January, and in February begins to show an increase. For the last five years the figures at the end of January have been as follows:

1901.	1902.	1903.	1904.	1905.
\$45,025,306	\$48,586,529	\$55,040,987	\$56,973,273	\$58,021,075

The increase in February, 1905, is \$807,000, as compared with \$763,000 in February, 1904, and \$706,000 in February, 1903.

If affairs this year follow the usual course, we may look for a further increase at the end of March, a decrease in April, and then an increase each month until October, when the maximum for the year will be reached. It is worth nothing that, with the circulation at its lowest point, several banks have very little available margin, and that almost as soon as expansion begins they will have to pay out the notes of other banks.

Public deposits in Canada, payable on demand, show a decrease of about \$5,000,000, whilst those payable after notice have increased by some \$4,000,000, showing a net decrease during the month in Canadian public deposits of about \$1,000,000. Deposits outside of Canada fell off about \$600,000. In each case the chief difference is in the figures of the Bank of Montreal, which show a reduction in Canadian deposits of about \$1,700,000, and in deposits outside Canada of about \$1,100,000. The public deposits held by the Bank of Montreal are \$95,000,000, so that a reduction of \$2,800,000 in any month has no special significance. In February, 1903, total public deposits were \$402,827,000, and in February, 1904, \$435,541,000, as compared with \$488,943,000 now.

On the Assets side it may be noted that cash reserves are \$55,000,000, or approximately 9.5 per cent. on total liabilities. In February, 1903, the ratio was 7.8 per cent., and in February, 1904, 9 per cent. This evidence of increased ability to meet immediately all demands is very satisfactory, but it must not be forgotten that cash held in Canada is only the first line of defence, and that for the larger banks at any rate, strength in Great Britain and in New York is quite as important. In this respect, the comparison with February, 1903, is as follows:

	Feb., 1903.	Feb., 1905.
Due from agencies or other banks outside Canada....	\$15,191,000	\$29,252,000
Call and short loans outside Canada	44,668,000	45,671,000
	\$59,859,000	\$74,923,000

With \$55,000,000 in actual cash, and \$75,000,000 in assets held in available form outside Canada, the banks are well prepared to meet the demands which the expected activity in the West this summer will probably make upon them.

Current loans in Canada are \$414,234,000, as against \$412,901,000 last month, and \$389,628,000 a year ago, while current loans elsewhere have increased during the month by \$3,000,000, the increase