

and Toronto are 6 per cent.; commercial discounts are 6 to 7 per cent. as heretofore.

Call money in London is 1 p.c.; short bills, 1 7-16 to 1 1/2; three months' bills, 1 7-16 to 1 1/2. The Banks of England, France and Germany all quote 5 p.c., as in the recent past.

NEW YORK POSITION.

Call loans in New York are steady at 1 7/8 to 2 p.c., most of the loans being at 2. Time loans also are not much changed; sixty days, 2 1/2 to 2 3/4 p.c.; ninety days, 2 1/2 to 2 3/4 p.c.; six months, 3 1/4 to 3 1/2 p.c. The Saturday bank statements showed loan expansion of \$10,500,000, decrease of \$95,000 in aggregate reserve, decrease of \$300,000 in note circulation, and decrease of \$2,400,000 in excess reserve. This is the fourth consecutive week in which the excess reserve has decreased, but the decrease in the four weeks has not aggregated more than \$10,000,000. The excess now stands at \$134,700,000. Not much change occurred in the position of the various federal reserve banks.

CURIOUS NOTE POSITION.

A curious state of affairs now exists in regard to the note circulation of the more important banks. These reserve institutions have not been able to circulate any large amount of their notes, and recently the notes have been coming in rather rapidly. At the end of February the federal reserve banks in New York, Boston, Philadelphia, Chicago and St. Louis, all showed no note circulation whatever outstanding—every note issued by them having been presented and redeemed. Presumably under present conditions the notes will not be extensively used excepting during the crop moving season when there is in existence a special demand for currency which the other banks cannot supply.

The Wall Street stock market has been showing rather an improved tone, doubtless under the impression that Germany's resistance shows some signs of breaking down before very long. The cotton market has been decidedly weak since the British embargo against further shipments into Germany or Austria was announced. This is one direction in which the British plan of retaliation against the German submarine attacks hits the United States hard.

CANADA STANDING UP STRONGLY.

Mr. E. A. Hoare, chairman of the Bank of British North America, speaking at the annual meeting held in London this week, alluded interestingly to the Canadian position. He said one had to try to realize what it meant to the Dominion, after borrowing forty millions sterling, year by year, to find these supplies absolutely cut off:—"I am sure the only conclusion to reach is that Canada has stood up strongly under the circumstances. An extraordinarily difficult effort though, has only begun and will have to be maintained because the cost will be heavy and already we hear of war taxation, federal and provincial."

Mr. Hoare also mentioned that the cautious policy which the bank had always adopted was not consistent with large earnings. They had denied themselves opportunities of adding to profit because they felt their first duty was to maintain the credit and safety of the bank.

FURTHER LIQUIDATION BY THE BANKS.

Throughout the month of January the liquidation in banking credits which is customary in that period of the year took place in heavy volume, and as a result the banks were able to improve further their liquid position which is now above normal. Their holdings of specie and Dominion notes plus net bank balances abroad and foreign call loans were at the end of January in the proportion of 26.5 per cent. to their circulation and deposits, as compared with 25.2 per cent. at the end of December. The gain in savings deposits is referred to more fully in another column. Elsewhere there was drastic contraction, which bears out the accepted theories in regard to the present currents of Canadian trade.

FALL IN COMMERCIAL LOANS.

In circulation the January contraction was \$8,777,056, which is less sweeping than the fall in January, 1913, but brings circulation to about the same level as at the earlier date. Demand deposits decreased by practically \$20,000,000, to \$329,916,730, it being necessary to read in connection with this the heavy fall in commercial loans amounting to practically \$16,000,000 and bringing these loans down to \$770,118,911, or \$41,463,219 lower than the level of January, 1913. It is to be remembered, however, that a year ago there was a contraction in these loans of almost \$11,000,000. Loans to municipalities, etc., were also pulled down by \$2,304,142, a result probably of the recent financing operations undertaken by some of our municipalities in the United States and of activity in the local municipal debenture market. The banks' loans to municipalities were still, however, at the end of January practically \$36,000,000, or \$6,650,000 higher than a year ago. Probably in February, however, these loans were further reduced. Canadian call loans were further reduced during January by \$2,356,762, and at the end of the month were at the exceedingly low level of \$66,154,891.

SPECIE HOLDINGS LARGELY INCREASED.

The deposits in the Central Gold Reserve were reduced by \$2,750,000, owing to the falling-off in the demands for circulation. These deposits are, however, still \$3,450,000 higher than at the corresponding date of 1913. The banks' own holdings of specie, increased no doubt in part by transfers from the Central Gold Reserve, increased \$3,497,688 during January to \$66,067,376, an advance of \$21,291,881 upon January, 1913. So that altogether the banks' holdings of specie were nearly \$25,000,000 higher at the end of January than they were a year previously.

On the whole the statement is a reassuring one. Business is undoubtedly quiet, but many of the reductions in bank operations disclosed by the January return are not greatly in excess of those which might be anticipated owing to seasonal fluctuations.