

# McInnes Bros. & Co.

## HAMILTON,

OPEN ALL THE NUMBERS IN THE

### CORNWALL

### COTTON

### BAGS

at Greatly Reduced Prices. Send for Circular. Our Stock in all Departments is very complete, was never better in value, or more attractive in assortment than it is this Season, and buyers will find us to excel in all

## BRITISH

## CANADIAN

## AMERICAN

## FRENCH

## & GERMAN

# DRY GOODS.

## THE MONETARY TIMES,

## AND TRADE REVIEW.

TORONTO, CAN., FRIDAY OCT. 27, 1876

### FINANCIAL REVIEW.

The official return of the banks of Ontario and Quebec for last month is as follows:—

LIABILITIES.		
	Sept. 30, '76.	Aug. 31, '76.
Capital subscribed ..	\$ 65,037,670	64,903,260
Capital paid up ....	61,725,260	61,779,450
Circulation .....	19,658,442	17,374,580
Government deposits.	8,762,938	8,533,800
Public deposits on demand .....	33,470,087	35,012,474
Public deposits at notice .....	24,801,105	25,268,492
Due other banks and agencies .....	4,345,404	5,032,373
Sundries .....	85,806	85,086
	<b>\$91,123,779</b>	<b>\$91,306,805</b>
ASSETS.		
	Sept. 30, '76.	Aug. 31, '76.
Specie and Dominion Notes .....	14,028,183	14,302,510
Notes and cheques of other Banks .....	3,905,171	4,177,429
Due from other Banks	10,231,733	11,458,299
Available assets..	\$ 28,160,087	\$29,938,238
Government stock ..	1,162,262	1,162,262
Loans to Government	168,524	145,074
Advances on bk stock	4,079,061	4,241,405
Advances on bonds..	6,066,560	6,844,339
Loans to corporations	3,741,950	3,768,777
Discounts current ..	113,179,000	110,918,000
Notes overdue .....	5,710,663	6,097,046
Real estate .....	755,455	892,785
Bank premises .....	2,985,106	2,986,392
Sundries .....	1,611,966	1,658,996
	<b>\$167,820,634</b>	<b>\$168,653,314</b>

The advance of two and a quarter millions in circulation from August to September, is the only item in the bank returns which can be relied up.

on to recur as regularly as the months come round. The uniformity of this first step in the general increase of circulation from harvest time forward, is seen by a long series of years to be quite unaffected by the volume of notes already out, or by the state of business. We may therefore fairly conclude that some portion of this periodical increase represents the outlays involved in gathering in the harvest, as well as the means for its transfer to market.

Indeed the utility of the note currency as the financial stream on which the crops are moved to market is becoming impaired yearly as the producer is being brought into nearer contact with the centres of distribution, and familiarised with less cumbersome methods of exchange and transmission of money. The policy of multiplying branches to secure deposits has this serious drawback—that with their increase will come contraction of note issues; and the profit thus lost will be a large set-off to that gained from deposits. The reduction of \$400,000 in deposits payable after notice is practically confined to the Banks of Montreal and British North America, whose deposits have fallen since August to this extent, the Ontario banks having made no changes in this item. On the other hand the contraction in call deposits of \$1,500,000 is divided equally between the nine Ontario banks and nineteen of Quebec, the same equal division occurring also in the change made in circulation. The more active demand for money caused by the harvest has sent up discounts about two millions, to meet which the items of advances on stocks and bonds provides one half, with the balance made up from sundry directions of no special interest.

The threatening aspect of affairs in the East has caused much excitement in the grain trade, but the immediate prospect is adverse to speculation for a rise owing to war. The very intimate relation of the grain trade with this topic is seen by glancing at the map, from which we learn that the point really at issue is, what power is to stand sentinel at the gate of one of the largest grain fields of the world, and to control, therefore, that area of wealth. The average annual volume of grain of all kinds which has to pass through this gate out to the markets of the world, is over fifty million bushels; so enormous is the outpour of wheat, barley, oats, etc., down the waters of the Dardanelles from the ports on the Danube by which Hungary exports, and from the shores of the Black and Azov seas. The contingency of such a great supply being arrested by war closing this gate, is very remote, as every state in

Europe, including the probable belligerents, has a deep interest in maintaining an open road from the huge granaries of the East and South, to their markets. A sharp and prolonged rise in the cost of bread would soon be a dominant factor in European politics, and even the Bulgarian atrocities would be viewed more calmly, if war disturbed trade and enhanced the cost of living without any equivalent in wages. A surer basis for a rise in grain is the general shortness of crops in Europe, and the prospect of a serious disturbance in the area of wheat growing, which would lessen the crop next year; but it is very doubtful whether these influences have not been too largely discounted to be elements for future calculations. The returns from Oswego of receipts of our barley indicate a change going on in the direction it is wanted in. To October 10th this year, the receipts at that port and *en route* were 1,671,000 bushels, whereas last year they were 2,020,000. In face of these returns it is surprising that the total *in sight* at all points is several hundred thousand bushels in excess of last year. This crop is a short one in Canada no doubt, but old malt is still held in quantity, and the holding on for a rise is a risky policy, barley being a peculiarly treacherous article, and repeatedly deranging the calculations of the best informed.

Money is not so easy as it was a month ago. The demand for means to forward the crop to market and hold it in grain centres has already stiffened rates. Two months ago the banks would gladly discount on really first-class names at six per cent., and lend on call at four. Now they can get all the good paper they want at seven or eight, and call loans can be placed at six. Yet the amount of additional paper put on the discount circle is very small, only about a couple of millions, which fully confirms the conclusion put forth in our columns some time ago.

In particular states of the market a small amount will make the difference between plethora and abundance; and we have no doubt that if from any cause our banks were called on for a few millions more, there would be a perceptible tightness in the market. The available resources of the banks for loaning purposes must always be viewed in relation to their liabilities and the amount held to cover them. This amount may vary from twenty-five per cent. to thirty-five. The total amount of the difference between the two, however, is only some eight millions, and it is within this limit that the change from plethora to tightness has to be found.