

THE COURSE OF BANK LOANS.

On another page appears a detailed tabulation of the banks' Canadian loans during the last four years, exclusive of loans to the Dominion and provincial governments. These figures make clear some very interesting points. They show the tremendous expansion in the bank loans which took place during the boom period of two or three years back and the sweeping contractions which have since been made, although even at its present lessened pace, the commerce of the country absorbs bank loans hundreds of millions of dollars larger in amount than was necessary for its maintenance only three or four years ago.

During the last twelve months, from March to March, the total Canadian loans of the banks have decreased by 3.83 per cent. or in round figures by 37 millions. This compares with an increase of 8.52 per cent. or 86 millions in the preceding twelve months and one of 15.19 per cent. or 117 millions in the twelve months, March 1911-March 1912. From May, 1911, to June, 1912, there was an almost uninterrupted monthly advance in the ratio of percentage increase of the total Canadian loans of the banks. From June, 1912, the percentage of increase month by month was consistently on the downgrade, until October, 1913. Thenceforward the comparative increases have been changed to decreases, increasing proportionately month by month until March, when a check was given to the ratio of decrease, by the substantial month's increase of about eleven million dollars in the total Canadian loans of the banks, consequent mainly upon the seasonal requirements of the lumbering industry.

In regard to the banks' current loans these have increased in amount by 365 millions since January, 1910. They expanded most rapidly in the twelve months between June, 1911, and June, 1912, when an increase of 18.26 per cent. was registered. From that time their ratio of advance gradually contracted until October, 1913, the ratio of increase being changed in November to a decrease, gradually increasing in percentage proportion until March, when the proportion of decrease showed a falling off from February, at 3.94 per cent. This 3.94 per cent. represents some 35 million dollars.

Both the current Canadian loans of the banks and their total Canadian loans reached their maximum on the present movement last September, when the crop-moving financing was in full swing. At that time the current loans of the banks reached \$903,717,013, from which high level there was a downward swing until by January 31 last, when the crop-moving financing had been entirely completed, they reached a low level of \$840,883,750, a falling off of 63 millions in four months. From this level there was an enlargement of 14½ millions to \$855,381,265 at March 31. The high level of the total loans of the banks at September 30 last, was \$973,764,304, there being a downward swing in four months to January 31, of 63½ millions—practically the same as in the case of the current loans. From the low level of \$912,131,992 there was a recovery of \$12,000,000 by March 31, to \$924,469,505.

The course of the banks' call and short loans during the last four years has been considerably more varied than that of their current loans. In the first six months of 1911, the banks were rigorously limit-

ing their commitments in this direction; for the next six months they lent fairly freely. In the first half of 1912, the total of these loans was gently pared down, and after they had been augmented by some 5 millions in August and September, 1912, the stopper was put on in October, 1912, and it can be said that it has scarcely yet been removed, since these loans have in the interval been kept consistently at lower levels than that recorded in October, 1912. Their lowest was in August, 1913, of \$67,233,983, a falling off of nearly seven millions from the figures of October, 1912, while at March 31 last, they were still nearly five millions below the October, 1912, level. While the banks' current loans, as already noted, have in the four years and a quarter covered by the present tabulation been increased by 365 millions, their call and short loans have increased only a little more than 5 millions. To such a considerable extent have the industrial and commercial demands of the country absorbed the attention and the resources of the banks. The financial fraternity have, of course, had other sources of supply than the banks, and it is a fortunate thing for them that this has been the case.

One result of the contraction in the banks' loans since last summer has been to widen the margin between the banks' deposits and their loans. A year ago, at the close of March, 1912, the banks had lent in Canada (excluding Government loans), 961 millions while their Canadian deposits totalled 988 millions. At March 31, 1913, the banks' loans were 924½ millions against Canadian deposits of 991¾ millions—a margin of 67 millions, an increase on that of a year ago of about 40 millions.

C. N. R.'S EARNING POWER.

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reserve (which amounted, in case of the banks and trust companies combined, to \$6,232,150 and served to bring the total up to \$36,486,550. The banks taken by themselves had an even larger increase to report. Their loans decreased \$11,456,000, and cash holdings increased \$12,900,000 the net result being a gain of \$11,600,000 in surplus bringing the item up to \$34,368,000.

IMPORTANT APPOINTMENTS.

During the week President Wilson announced his appointments to the Federal Reserve Board which is to be the controlling factor in the operation of the new federal reserve banks. It will be remembered that the Secretary of the Treasury, the Comptroller of the Currency, and the Secretary of Agriculture, who constituted the Organization Committee for the new banks stirred up a storm of criticism by their action in locating the several reserve cities and delimiting the territory to be served by each. The bad feeling and distrust created by their action has been to a considerable extent removed by President Wilson's choice of members of the reserve board. Richard Olney and Paul Warburg are to represent New England and the Eastern States; and it is believed that that they will have a most important influence in the direction of keeping the new banking institution in safe and proper paths. The other three names selected to act also inspire confidence.