

August is the last of the quiet summer months, the farmers being busy garnering their crops, and business men taking holidays, or preparing for the fall trade. The consequent dullness in business is reflected in the bank returns for the month, the figures presenting few changes of interest. Notes in circulation have increased \$1,200,000 during the month, and about \$2,300,000 during the year. During September the expansion due to the moving of the crops begins, and by the end of this month we may look for a substantial increase in the amount of notes in circulation. In September of each of the last two years this increase amounted to almost \$3,500,000, followed by another increase in October of from \$7,000,000 to \$9,000,000, or \$10,000,000 to \$12,000,000 in all. With crops generally far better than last year and with a yield of wheat in the North-West of from seventy to eighty per cent. in excess of the crop of 1904, we may reasonably expect an expansion in note circulation this fall of from \$12,000,000 to \$15,000,000. No bank may issue notes in excess of its paid up capital, and several of the banks are already nearly up to their limit. If we examine the condition of the fifteen banks which have the largest note issues, we find that the following can be of little assistance in supplying the additional circulation which will be required:—

	Paid up capital.	Notes in circulation.	Available margin.
Bank of Nova Scotia.	\$2,334,000	\$2,235,000	\$99,000
Bank of Ottawa . . . .	2,500,000	2,339,000	161,000
Union Bk. of Canada	2,500,000	2,295,000	205,000
Molsons Bank . . . . .	3,000,000	2,752,000	248,000
Bank of Hamilton..	2,415,000	2,145,000	270,000
			<u>\$983,000</u>

The total possible increase in the combined circulation of these five banks is thus \$983,000, but if from this be deducted the amount required to insure against an accidental over issue, it is evident that about \$500,000 is the utmost that is really available for use.

The banks upon which the country really depends to provide the necessary notes are:—

	Paid up capital.	Notes in circulation.	Available margin.
Bank of Montreal. . . . .	\$14,400,000	\$9,053,000	\$5,347,000
Canadian Bank of Commerce . . . . .	9,793,000	7,149,000	2,644,000
Merchants Bank of Canada . . . . .	6,000,000	3,744,000	2,256,000
			<u>\$10,247,000</u>

These three banks are thus able to supply something over \$9,000,000, while amongst other banks which can render assistance are the Bank of British North America, the Imperial Bank of Canada, the Bank of Toronto and the Traders Bank of Canada, which between them can furnish about \$3,000,000 more. The balance will be provided by the smaller banks.

Public deposits in Canada still continue to grow, the total being now \$481,000,000, as against \$434,000,000 in August, 1904 and \$385,000,000 in August, 1903. To this add \$0,000,000, the amount due to the Dominion and Provincial Governments, and \$52,000,000 of deposits outside Canada, and we have total deposits in Canadian banks of \$542,000,000.

Total liabilities are \$632,000,000 as compared with \$559,000,000 in August, 1904, and \$505,000,000 in August, 1903.

The amount of specie and Dominion notes held is increasing, though not out of proportion to liabilities. During the last three months the figures have been:—

	Specie and Dominion Notes held.	Percentage to Liabilities.
August . . . . .	\$57,800,000	9.4
July . . . . .	55,500,000	8.9
June . . . . .	53,700,000	8.8

In the three corresponding months last year the position was:

	Specie and Dominion Notes held.	Percentage to Liabilities.
August . . . . .	\$50,900,000	9.1
July . . . . .	49,300,000	8.8
June . . . . .	48,700,000	8.7

The second line of reserves has been considerably strengthened during the month. Balances due from British and foreign agents have increased by nearly \$7,000,000, call loans in Canada by nearly \$1,000,000, and call and short loans elsewhere by over \$7,000,000. An addition of \$15,000,000 to assets readily available is not a bad preparation for the active business which the next few months will probably bring. Current loans in Canada, on the other hand, show a slight reduction, which is not unusual in August. Last year the decrease was nearly \$6,000,000, as against \$600,000 now.

During the last five years current loans in Canada have stood as follows:

31st August, 1901 . . . . .	\$280,758,000
31st August, 1902 . . . . .	296,711,000
31st August, 1903 . . . . .	368,641,000
31st August, 1904 . . . . .	408,240,000
31st August, 1905 . . . . .	437,440,000

An increase of 56 per cent. in four years may certainly be considered satisfactory, even if the pace now is not quite as fast as it was a year or two ago.

Overdue debts have slightly increased, due, apparently, to the steps taken by the Bank of Montreal to liquidate some of the unsatisfactory accounts taken over from the Peoples Bank of Halifax. Total assets stand at \$782,427,000, as compared with \$701,630,000 in August, 1904, and \$646,640,000 in August, 1903.

During the last month ideal weather for harvesting has prevailed throughout nearly the whole of the North-West, and the crop ripened earlier than usual, so that practically all the wheat has been harvested and threshing has become general. It now seems certain that the yield will approach 100,000,000 bushels, as against 56,000,000 bushels last year, while the grain is of distinctly better quality, and the proportion of low grade is comparatively small. The price this year is lower—79 cents for No. 1 Northern, as against \$1 last year; but even allowing for this, the money value of the wheat crop in the North-West will exceed 1904 by probably \$23,000,000. Add to this the value of the increase in oats and barley, and after making due allowance for grain retained for seed, it will be seen that the farmers in the North-West Provinces will receive for cereal crops alone probably about \$30,000,000 more than they did last year. In the newer portions where cultivation is just beginning the farmer will doubtless have very little surplus, but in the districts