

The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY.

R. WILSON-SMITH, *Proprietor.*
 GUARDIAN BUILDING, MONTREAL.

Annual Subscription, \$2.00. Single Copy, 10 cents.

MONTREAL, FRIDAY, MAY 10, 1907.

POSITION OF CANADIAN BANKS ABROAD.

THE CHRONICLE has from time to time illustrated in its columns certain changes in the foreign position of the Canadian banks. The banks are all the time increasing the number of their branches and agencies abroad, and their business outside Canada, therefore, tends to increase. As the last three months have seen a somewhat remarkable alteration in the position of the banks in regard to their foreign balances, it will be worth while to trace the movement. Properly speaking the change has been going on since the end of September, 1906, but its force has been greatly accelerated since the 31st December. The investments abroad are found under the headings "Due from banks or agencies in United Kingdom," "Due from banks and agencies elsewhere," "Call loans elsewhere," "Current loans elsewhere." The opposing items on the other side of the balance sheet are: "Due to banks or agencies in United Kingdom," "Due to banks or agencies elsewhere," and "Deposits elsewhere." Foreign investments exist also under two of the headings for securities (stocks, bonds, etc.), but as there are no means of telling how much is foreign and how much domestic these have to be left out from the following tables. It may be said, however, that no change of any moment has taken place in this regard:

Balances 1906.	Net		
	Due from United Kingdom.	Due to United Kingdom.	Due from United Kingdom.
Sep. 30	\$10,050,722	\$7,532,724	\$2,517,998
Oct. 31	9,217,859	7,350,003	1,867,856
Nov. 30	8,313,137	7,204,976	1,108,161
Dec. 31	7,844,990	8,207,158	*362,168
1907.			
Jan. 31	8,068,346	9,747,642	*1,679,296
Feb. 28	3,737,898	10,117,210	*6,379,312
Mar. 31	2,433,654	13,460,111	*11,026,457

*Due to U. K.

Balances 1906.	Net		
	Due from elsewhere.	Due to elsewhere.	due from elsewhere.
Sep. 30	\$18,304,524	\$1,968,536	\$16,335,988
Oct. 31	18,129,580	2,160,743	15,968,837
Nov. 30	17,559,315	2,217,838	15,341,477
Dec. 31	15,512,627	1,716,823	13,795,804

Balances 1906.	Net		
	Due from elsewhere.	Due to elsewhere.	due from elsewhere.
Jan. 31	15,802,306	2,759,418	13,042,888
Feb. 28	14,338,639	2,564,704	11,773,935
Mar. 31	15,039,232	2,963,304	12,075,928

Loans 1906.	Call			Total.
	elsewhere.	Current elsewhere.	elsewhere.	
Sep. 30	\$63,771,628	\$35,776,670	\$99,548,098	
Oct. 31	60,536,937	35,725,257	96,262,194	
Nov. 30	66,919,335	35,088,827	102,008,162	
Dec. 31	58,958,156	36,474,231	95,432,387	

Loans 1907.	Call			Total.
	elsewhere.	Current elsewhere.	elsewhere.	
Jan. 31	53,079,637	36,016,552	89,096,189	
Feb. 28	55,948,496	34,615,133	90,563,629	
Mar. 31	51,340,792	33,305,188	84,645,980	

Loans 1906.	Total loans elsewhere.			Excess Loans.
	Deposits elsewhere.	elsewhere.	Excess	
Sep. 30	\$99,548,098	\$55,287,013	\$44,261,085	
Oct. 31	96,262,194	55,236,427	41,025,767	
Nov. 30	102,008,162	62,815,090	39,193,072	
Dec. 31	95,432,387	64,191,182	31,241,205	

Loans 1907.	Total loans elsewhere.			Excess Loans.
	Deposits elsewhere.	elsewhere.	Excess	
Jan. 31	89,096,189	62,314,062	26,782,127	
Feb. 28	90,563,629	61,201,448	29,362,181	
Mar. 31	84,645,980	63,133,226	21,512,754	

Summing up the items "Balances" and "Excess Loans," the following interesting result is obtained:

Balances 1906.	Excess loans over deposits.		Total investment abroad.
	due to Canada.	elsewhere.	
Sep. 30	\$18,853,986	\$44,261,085	\$63,115,071
Oct. 31	17,836,693	41,025,767	58,862,460
Nov. 30	16,449,638	39,193,072	55,642,710
Dec. 31	13,433,636	31,241,205	44,674,841
1907.			
Jan. 31	11,363,592	26,782,127	38,145,719
Feb. 28	5,394,623	29,362,181	34,756,804
Mar. 31	1,049,471	21,512,754	22,562,225

Putting it bluntly the banks have in the last six months drawn home two-thirds of their foreign investments included in the above headings. The movement is of much importance. It constitutes a direct reversal of what has been going on for a number of years back. Taken in conjunction with the figures of our foreign trade, and with the known activity of land, mining, and other speculations in different parts of Canada it has something of a warning for borrowers. The total of the imports of the Dominion for the nine months ended 31st March, was \$249,717,413; the total of the exports, \$192,087,233; the excess of imports was, therefore, \$58,000,000. Meeting the payments for a considerable part of this excess has unquestionably had something to do in drawing down the bank balances abroad. Those who wish to see Canadian money used solely for the development of Canada will rejoice at the showing, but those who have a fuller knowledge of the purposes served by these liquid foreign assets will have some doubts mixed with their rejoicings. The bankers know well that when they have heavy balances abroad they are in position to meet a crisis or emergency by drawing funds from outside sources and so leaving their Canadian borrowers undisturbed. The foreign balances were a source of much comfort during the time in which it was not clear what effect the