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## BANK DEPOSITS AND LOANS.

The outstanding feature of the August bank statement is a further rise of \$23,149,481 in notice deposits, bringing them up to the new high level of \$952,591,821. This remarkable expansion, following an even larger increase of \$28,931,788 in the month of July, reflects the great activity in our export trade during the summer months, an activity which has been made possible on its existing scale through the granting of credits by the banks to the Canadian Government and to the British Government direct, and by the Canadian Government to the British Government. Largely as a result of these credits, our exports of domestic produce totalled in August, \$146,387,586 against \$104,964,270 in August, 1916, and in July, \$177,366,148 against \$96,091,000 in July, 1916. The growth in notice deposits for the twelve months ending August 31st is no less than \$145,817,134—only a few millions less than the probable amount of the forthcoming long-term war loan.

While the activity in our export trade is doubtless the main reason for the notable increase in notice deposits now reported, it has been suggested also that the large August increase is in part accounted for through transfers of funds from current accounts to notice deposit accounts by corporations carrying exceptionally large cash balances at this time, and desiring to obtain upon them the maximum rate of interest, pending the funds' permanent employment. This suggestion is borne out by the decrease in demand deposits of \$10,854,097 to \$439,995,259, at which figure they are \$3,322,016 lower than their level of a year ago.

Following a period of steady contraction since April, the banks' commercial loans show a rise of \$6,868,970 during August to \$836,429,670. At the end of April, prior to their retrogression, these loans stood at \$880,523,897. The movement of these loans is more or less a seasonal one, summer liquidation due to the export of commodities being followed by new advances as the current crops mature. New munition contracts may also have been a factor in the development of these loans. As it is, they are \$96,491,157 higher than at August 31st, 1916, a figure which affords some indication of the enlargement of the banks' responsibilities in this direction through the activity in trade, and the rise in the price of commodities. Call loans in Canada were further slightly reduced during August

by \$172,437 to \$71,204,351, at which level they are \$15,146,865 lower than a year ago.

Call loans outside of Canada were increased during August by \$26,562,512 to \$178,610,625. This increase, doubtless in anticipation of later requirements of crop-moving, was partly at the expense of foreign bank balances, which were reduced by practically ten millions during the month to \$50,058,175. Balances in the United Kingdom were considerably increased by about \$6,000,000 to \$19,740,887.

Changes in the banks' security holdings during the month were not extensive, an increase of \$8,397,732 to \$142,483,388 in holdings of Dominion and provincial securities being partly offset by a decrease of \$6,212,071 in holdings of British, etc., public securities.

Circulation, which reached during August a maximum of \$162,696,039, stood at the end of the month at \$156,450,657, an increase of no less than \$33,794,574 upon the figures of August, 1916. This large expansion in circulation is practically covered by increase in the Central Gold Reserve, which growth for the twelve months, amounts to \$32,460,000. During August, the Central Gold Reserve was expanded by \$3,100,000 to \$53,320,000, apparently by means of transfers from the banks' own holdings of specie and Dominion notes.

The official statement following the important conferences of the last few days at Ottawa indicate that the tasks now before the banks are no light ones. Two weeks ago, announcement was made of the completion of arrangements for bank advances of \$75,000,000 to finance the bacon and meat purchases of the British Government, and of temporary advances of \$80,000,000 for wheat purchases. Since then assurance has been given Lord Reading that, within limits imposed by considerations relating to the balance of trade and Canada's obligations abroad (which are paid for by the sale of Canadian commodities) the Dominion Government and the Canadian banks will take their share in the financial operations involved in the further purchase of supplies, foodstuffs and grain in Canada by the Imperial Government. The precise nature of the joint arrangements which will be made between the Dominion Government, the banks and the Imperial Government will be determined at a later date, but, in the meantime, the financing of the western wheat crop, the exportable surplus of which is valued at \$350,000,000, with all that it means to Canada, seems assured of successful consummation.