

ing up their funds. While overdrafts were running against bonds deposited in London the transaction would have the same effect, to that extent, as if the bonds had been placed abroad. Of course, it would hardly do to maintain the overdrafts all through the year, and to put the funds derived therefrom into current loans and discounts. If that were done the bonds would not constitute a part of the liquid reserves at all. But if they were availed of as cover for drawings for special purposes such as the purchase of specially large amounts in grain and produce bills and the like, having a short currency, or if the proceeds were put into call loans in New York when rates there were exceptionally high, or perhaps into call loans in New York and Canada too, the bonds, or proceeds of drafts drawn against them, would still constitute the most excellent of quick assets.

#### THE MID-YEAR BANKING POSITION.

The Government bank statement for June is always of special interest as indicating the mid-year position of Canadian banks. On this page is given a survey of the variations in six important items from month to month since December 31, 1906. The one column in which an almost continuous increase has taken place throughout the half-year is that devoted to current Canadian loans and discounts. At the close of December, these stood at \$548,684,480; while by June 30 they equalled \$586,930,448. Of the increase, the greater part occurred during the three months of February, March and April. Since then there has been somewhat of a slowing up on the part of the banks. Indeed the May statement showed some lessening in the amount of current loans, but

that was due—as explained in THE CHRONICLE of June 20—to readjustment in the affairs of one bank. June again shows a moderate growth in this particular, amounting to \$2,222,618, and making an increase for the six months of \$38,245,968. That this half-year increase is less by some \$5,000,000 than that during the corresponding six months of 1906 is due to the aforementioned slowing-up, during the past few weeks; May and June of last year showing large increases over preceding months.

The total of Canadian current loans and discounts at the end of June 1907 is \$85,308,469 greater than a year earlier—indication, indeed, of the unprecedented demand made by Canada's rapid industrial development upon the banking resources of the country. That the growth in deposits of the public in Canada fell far short of counterbalancing the loan increase for the year, is evident from the fact that such deposits increased only \$52,690,370 during the year. The increase in paid-up capital from June 1906 to June 1907 was \$5,287,625. If this sum had not been added to the bank's facilities by new capital issues, a considerable portion of it would doubtless have gone to swell ordinary deposits. But by increasing the capital instead of the deposits, the proportion of cash reserves to liabilities is better than it would have been, since the cash remains practically the same, while liabilities to the public are less.

As pointed out in THE CHRONICLE's comments upon the May statement, current home demands have led to a substantial reduction in the net investment showing of Canadian banks abroad, and also to a marked lessening in the amount of Canadian call loans. The latter are \$6,543,518 less in amount than at June 30, 1906. As to the reduction in net investments abroad, the comparison on page 973 shows a difference of about \$30,000,000.

#### BANKING CHANGES OF THE HALF-YEAR, JANUARY-JUNE, 1907.

	CIRCULATION.	Deposits of the Public in Canada.	Current Loans in Canada.	Current Loans outside Canada.	Call Loans in Canada.	Call Loans outside Canada.
December 1906.....	\$78,416,780	\$590,908,664	\$548,684,480	\$36,474,231	\$57,511,747	\$58,958,156
January 1907.....	68,219,717	575,556,984	550,938,838	36,016,452	53,979,494	53,079,637
Inc. or Dec. in month....	Dec. 10,197,063	Dec. 15,351,680	Inc. 2,254,358	Dec. 457,679	Dec. 3,532,253	Dec. 5,878,519
Feb. 1907.....	70,547,759	574,789,435	562,678,044	34,615,133	53,342,912	55,948,496
Inc. or Dec. in month....	Inc. 2,328,042	Dec. 767,549	Inc. 11,739,206	Dec. 1,401,419	Dec. 1,636,582	Inc. 2,868,059
March 1907.....	76,346,013	567,937,052	579,057,554	33,305,188	52,676,592	51,340,792
Inc. or Dec. in month....	Inc. 5,798,254	Dec. 6,852,383	Inc. 16,379,510	Dec. 1,309,945	Dec. 666,320	Dec. 4,607,704
April 1907.....	72,849,909	574,588,438	586,149,738	28,993,174	50,357,266	48,430,477
Inc. or Dec. in month....	Dec. 3,505,104	Inc. 6,651,386	Inc. 7,092,184	Dec. 4,312,014	Dec. 2,319,326	Dec. 2,910,315
May 1907.....	70,741,113	587,522,924	584,707,830	25,412,267	49,886,386	52,281,678
Inc. or Dec. in month....	Dec. 2,099,796	Inc. 12,954,486	Dec. 1,441,908	Dec. 3,580,907	Dec. 470,880	Inc. 3,851,201
June 1907.....	75,510,402	589,459,889	586,930,448	23,388,259	49,481,179	55,298,873
Inc. or Dec. in month....	Inc. 4,769,289	Inc. 1,916,965	Inc. 2,222,618	Dec. 2,024,008	Dec. 405,207	Inc. 3,017,195
Inc. or Dec. in ½ Year....	Dec. \$2,906,378	Dec. \$1,448,775	Inc. \$38,245,968	Dec. \$13,085,972	Dec. \$8,030,568	Dec. \$3,659,283