

# 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 24, 1907.

### BANK AND GOVERNMENT NOTE CIRCULATIONS ANALYZED.

As everybody knows, the currency of the Dominion consists mainly of bank notes. The note circulations of the chartered banks in \$5 and \$10 denominations constitute the body of the currency, while the chief subsidiary is the Government issue of \$1 and \$2 bills. Reinforcing both is the circulation of United States and British notes and gold. And, of course, under all lie the silver and bronze coins used for small change and in transactions of the humblest kind.

It will be interesting to analyze the Dominion Government and the bank note circulations, and to see what is the part played by each.

In total amount the Dominion notes outstanding do not fall so very far short of the bank notes in circulation. The bank statement for 30th April, 1907, gave the circulation of the banks as \$72,-\$40,000. On the same date the Dominion note circulation was \$57,020,249. But the largest part of this latter lay in the vaults of the banks; no less than \$45,407,377 being so placed at the date of the statement. The following table shows the course of both circulations since 30th June, 1906:

1906	Bank notes in circulation.	Dominion notes outstanding.
31 July . . . . .	\$68,182,979	\$51,530,943
31 August . . . . .	70,108,511	52,797,465
30 September . . . . .	77,209,346	51,872,433
31 October . . . . .	83,718,630	58,169,801
30 November . . . . .	80,502,357	59,722,255
31 December . . . . .	78,416,780	56,476,282
1907.		
31 January . . . . .	68,219,717	56,044,874
28 February . . . . .	70,547,759	56,127,104
31 March . . . . .	76,346,013	54,794,596
30th April . . . . .	72,840,909	57,020,249

In the next table the totals of the two are given month by month, also the amount of Dominion notes held by the banks and the difference or approximate amount held by the public. It is to be observed that to get this latter amount accurately the amount of the bank notes in circulation held by the banks themselves should be deducted,

but this deduction cannot be made from the information given in the Government bank return, for in that the amount of notes of other banks held is included with the holdings of cheques on other banks.

	Total Dominion and bank circulation.	Dominion notes held by banks.	Amount of both in public circulation.
1906.			
31 July . . . . .	\$119,713,922	\$39,418,861	\$80,295,061
31 Aug. . . . .	122,905,976	40,726,705	82,179,271
30 Sep. . . . .	129,081,779	38,850,182	90,231,597
31 Oct. . . . .	141,888,431	45,208,690	96,679,741
30 Nov. . . . .	140,224,612	47,297,497	92,927,115
31 Dec. . . . .	134,893,062	44,266,154	90,626,908
1907.			
31 Jan. . . . .	124,264,591	44,773,108	79,491,483
28 Feb. . . . .	126,674,863	44,498,595	82,176,268
31 March . . . . .	131,140,609	42,631,694	88,508,915
30 April . . . . .	129,861,156	45,407,377	84,453,781

So far as the bank notes are concerned, the \$5 and \$10 bills form the chief part. The \$20, \$50 and \$100 bills are used to make special payments in cases where the circulation is not apt to be good. For example if a customer of another bank presents a cheque for a fair sized amount and asks for cash, at the same time stating that he intends depositing it with his own bank, the teller will very likely give him \$50 or \$100 bills. The use of the larger bank notes is pretty much confined to transactions of this kind and to the providing of pocket money for persons habitually carrying more than the average amount of cash. Even if it were desired to conduct an examination and analysis of the bank note circulation the material for such is not to be found in the published statements.

But the Canada Gazette gives each month full particulars of the denominations of the Dominion notes outstanding. The different classes of notes are shown in the following table, as is also the fluctuation of each from month to month.

### DOMINION NOTES OUTSTANDING.

1906.	Fractionals, \$1, \$2 and \$4.	\$5, \$10, \$20, \$50, \$100.	\$500, \$1,000, \$5,000.
31 July . . . . .	\$15,084,891	\$129,052	\$36,317,000
31 Aug. . . . .	15,580,463	129,502	37,087,500
30 Sep. . . . .	15,885,506	129,427	35,857,500
31 Oct. . . . .	16,158,474	128,827	41,882,500
30 Nov. . . . .	16,016,643	128,612	43,574,500
31 Dec. . . . .	16,133,320	128,462	40,214,500
1907.			
31 Jan. . . . .	15,086,815	128,062	40,830,000
28 Feb. . . . .	14,917,242	127,862	41,082,000
31 March . . . . .	15,213,194	124,902	39,456,500
30 April . . . . .	15,222,797	126,452	41,671,000

The figures show that in the \$1 and \$2 notes scarcely any fluctuation takes place. The amount tends to increase in the fall, and in January when the need for small change decreases, the circulation contracts about 6 p.c. in volume. Of the total on 30th April, some \$440,000 represented fractional currency. This shows an increase each month averaging about \$3,500 per month. Quite a large proportion of these small bills (twenty-five cents each) are doubtless destroyed or lost and will