

# The Chronicle

Banking, Insurance & Finance.

ESTABLISHED JANUARY, 1881

R. WILSON-SMITH, Proprietor

PUBLISHED EVERY FRIDAY

Vol. XXVII. No 52.

MONTREAL, FRIDAY, DECEMBER 27, 1907

Single Copy - - 10c  
Annual Subscription, \$2.00

**A Mile-Stone.** WITH THIS NUMBER THE CHRONICLE COMPLETES THE TWENTY-SEVENTH YEAR OF ITS PUBLICATION.

IN OUR NEXT ISSUE, WE HOPE TO START OUR TWENTY-EIGHT VOLUME WITH RENEWED ENERGY AND VIGOUR; AND TO MAKE THE PAPER MORE INTERESTING AND VALUABLE TO OUR READERS THAN EVER BEFORE.



**The Canadian Banking Position.** THE November statement of the chartered banks testifies both to the unshaken strength of the country's banking system and to the exceptional nature of financial conditions at the close of this year of stress, 1907. The proportion of cash assets to net liabilities, calculated on an especially conservative basis, is shown below to have been little changed during the month of November:

LIABILITIES	30 Nov. 1907	31 Oct. 1907
Dominion Government deposits.....	\$ 8,348,254	\$ 4,915,745
Provincial Government deposits.....	8,017,459	9,345,779
Deposits of the public, "demand".....	160,529,719	170,498,311
Deposits of the public, "notice".....	408,902,274	416,787,636
Deposits elsewhere than in Canada...	54,818,589	54,226,639
<b>Total deposits.....</b>	<b>\$640,616,295</b>	<b>\$655,774,110</b>
Note circulation.....	84,452,899	84,289,983
	<b>\$725,069,194</b>	<b>\$740,064,093</b>
*Less notes and cheques other Canadian banks held.....	30,929,543	32,964,175
<b>Net liability.....</b>	<b>\$695,039,651</b>	<b>\$707,099,918</b>
*This item is deducted because it represents obligations of the banks held by themselves.		
AVAILABLE ASSETS.		
Specie and legals.....	\$76,837,549	73,927,693
Net foreign bank balances.....	10,462,796	6,639,382
Foreign call loans.....	41,198,293	47,946,737
	128,498,638	128,513,812
Per cent. of liability.....	18.49	18.17

Back in March, the corresponding ratio was but 16.88 p.c. With foresight, the banks began

strengthening their available resources in view of special demands and possible strain in the autumn. By the close of September the ratio had risen to 19.75. The strength of the position thus attained enabled the banks to aid commerce and industry by increasing to a limited extent current loans in Canada during October. The actual expansion in this item was \$6,400,000, though the bank statement showed but \$1,600,000. But, as mentioned in THE CHRONICLE a week ago, there may be counted also the amount of the \$4,800,000 loan by the Bank of Montreal to the Quebec Bridge Company, as this item then appeared for the first time as a loan to the Government of Canada. This October loan expansion resulted in changing the September ratio, as determined above, from 19.75 p.c. to 18.17 p.c. The November statement shows a gradual recovery to 18.49 p.c.—accompanying the contraction in current loans which came with the easing up of crop-moving demands. It will be remembered that in November, 1906, loan expansion continued in a marked degree. This year, however, there has been a disposition to "go slow" in view of world-wide financial conditions; and, having provided for crop-moving requirements, the banks are carefully husbanding their resources.

It is interesting to note the practically unchanged amount of available assets, as now set forth. The disposition of items shows considerable change, however. Specie and legals together show an increase for the month of nearly \$3,000,000, while net foreign bank balances show a growth of well on to \$4,000,000—the decrease in foreign call loans practically balancing these changes.

Deposits in Canada have undoubtedly been affected in some measure by November investment buying of securities—deposits at notice having decreased by nearly \$8,000,000. Demand deposits decreased, by almost \$10,000,000. A lessening in the latter item usually accompanies contraction in current loans; and *vice versa* (as in October) there