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THE AUTUMN OUTLOOK.

This week the harvesting has begun, and in a week or so it will be in full swing, of a Western crop that means much to Canada. Happily the prospects are fair, much better indeed than they seemed likely to be a short time ago. Not only is a good average crop promised, but what is of greater importance, an exceptionally high quality is predicted. The wheat-growing area of the Canadian West is now such a huge district that it is almost impossible that there should be uniform results all over it. So this year there are localities where conditions are below the average. But in the opinion of Mr. C. W. Rowley, the Winnipeg manager of the Canadian Bank of Commerce, instances of unfavorable conditions this year are more often due to inexperience or careless agricultural methods than to unfavorable weather.

To some extent, the task of the banks in financing the Western crops this year has been simplified by the creation of the new Central Gold Reserve. The creation of this reserve does away with the worry consequent upon the necessity of keeping within the limits of the ordinary circulation until September 1, when the emergency circulation available from that time to the end of February comes into force. Presumably one effect of the establishment of the new Central Gold Reserve will be a lessened use of the emergency circulation, although it is said that some of the banks may adhere to this method of supplying the additional circulation which is required. Probably the new Central Gold Reserve will be found of most service to and be the most largely used by those banks which habitually carry large reserves of cash.

But while in regard to the supply of the necessary currency, the banks' task has been considerably simplified in comparison with former years, nervousness in regard to their ability to meet the strain of the demands upon them for loans, both for crop-moving purposes and to meet the requirements of industry and commerce is being expressed in some quarters. The facts which are cited in support of this nervous feeling are the fall in the ratio of the banks' reserves during June, after it had been steadily increased from last December onwards, the advance in the ratio of loans to deposits during

the last twelve months, and the fall in deposits, consequent upon, so it is said, the desire of the man with an accumulated fund of savings deposits to avail himself of the investment bargains now on hand. Up to the present, in spite of the relatively small advance in the banks' deposits and more recently, their fall, the banks have successfully provided for all the legitimate demands of industry and commerce; it is the speculator and not the man relying upon banking accommodation for the carrying-on of his ordinary trade affairs, who has been hard hit by the present period of financial stringency. The bankers themselves, it appears, have no doubts regarding their ability to finance both the crops and the usual demands of autumn commerce and their confidence is perhaps the best reply to the nervous fears referred to.

That the banking system of the country will be under a heavy strain during this autumn, there can be no doubt, but at the moment there would seem to be little reason for disquiet or anxiety. The July bank statement will throw further light upon the position of the banks and show whether their resources are being further crippled by the withdrawal of deposits for investment purposes, and to meet liabilities on real estate deals. It will be a matter of some moment if they are. But it has to be remembered that the necessity of meeting real estate liabilities has been encountered now for a considerable period and is not likely to be felt more acutely this autumn than for some time past. Moreover, we are told that in some of the Western towns an agreement has been reached in certain mercantile circles that obligations shall not be pressed for at least 18 months. The real estate men are in this agreement and it seems that payments may lapse during that period by mutual consent without the debtor being pushed. As regards deposits withdrawn for purely investment purposes, it is an old adage, but we think still largely true, that the public does not recognise a bargain until it sees it climbing out of reach. It is undoubtedly true that a number of people are availing themselves of present opportunities in the investment markets. But whether there is a widespread and general movement to transfer savings deposits into permanent investments so large as to have a considerable effect upon the banks' deposits yet remains to be seen.