

THE STERLING BANK OF CANADA

Every officer of the Sterling Bank is *personally* ready to assist you in solving your financial problems. And as material from which to draw, he has the experience gained through close contact with many of our clients, both in their business and personal financial affairs.

Head Office
KING AND BAY STREETS, TORONTO

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The National Bank of Scotland

Limited

Incorporated by Royal Charter and Act of Parliament. ESTABLISHED 1825

Capital Subscribed.....	£5,000,000	\$25,000,000
Paid up.....	1,100,000	5,500,000
Uncalled.....	3,900,000	19,500,000
Reserve Fund.....	1,000,000	5,000,000

Head Office - EDINBURGH

WILLIAM CARNEGIE, General Manager. GEORGE A. HUNTER, Sec.
LONDON OFFICE—37 NICHOLAS LANE, LOMBARD ST., E.C. 4

T. C. RIDDELL, Manager. DUGALD SMITH, Assistant Manager

The agency of Colonial and Foreign Banks is undertaken, and the Acceptances of Customers residing in the Colonies domiciled in London, are retired on terms which will be furnished on application.

ESTABLISHED



1912

Commonwealth Bank of Australia

acts as bankers to the Commonwealth Government, and State Governments of South Australia, Western Australia and Tasmania.

All classes of GENERAL AND SAVINGS BANK business are transacted in all the principal cities and towns of Australia, Rabaul and London.

Banking and exchange business of every description transacted within the Commonwealth, United Kingdom, Canada, U.S.A. and Abroad.

JAS. KELL, Deputy Governor 1920. DENISON MILLER, Governor

The Dominion Bank

ESTABLISHED 1871

Capital Paid-up	-	\$6,000,000
Reserve Fund	-	7,000,000

Efficient service in all departments of Banking.
Sterling Drafts bought and sold.
Travellers' Cheques and Letters of Credit issued.

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THE EXCHANGE RATE

VIII.—What Controls It?

WE have attempted to show in this series the principal causes of variations in exchange rates.

In order to reduce the problem to its simplest form, we have not mentioned several factors which, in spite of adverse trade balances, had considerable influence in maintaining the value of our dollar abroad during pre-war days.

One of these was the great volume of Canadian securities (such as bonds of the Dominion and Provincial Governments, Municipalities and Companies), sold annually in other countries. The proceeds of these sales created balances to our credit abroad just as though we had exported an equal value of merchandise. At the present time our sales of securities abroad amount to far less than formerly owing to the "tightness" of money and the high interest rates demanded.

Another factor of importance, the influence of which it is difficult to estimate, is the amount of foreign money brought into Canada by immigrants and tourists.

An adverse Exchange Rate, especially one so great as ours with the United States, taxes heavily all users of imported goods. The greater the excess in the value of imports over exports, the higher the Exchange Rate is likely to become.

Those who import luxuries because they can afford to pay the additional tax, therefore, help to maintain the rate or even to raise it still further. Thus the price of imported necessities is increased to all, including many consumers who can ill afford the extra burden.

In our final article we shall summarize the methods by which the exchange rate may be brought back to normal.

THE CANADIAN BANK OF COMMERCE

Capital Paid Up - \$15,000,000.
Reserve Fund - \$15,000,000.

This series, when completed, will be published in pamphlet form. If you desire a copy, write to our Head Office, Toronto.

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