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Banking, Insurance and Finance

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THE GENERAL FINANCIAL SITUATION.

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servers south of the line are becoming seriously concerned over the trend of affairs. One authority points out that a stage in the boom has now been reached when all sense and self-restraint have been lost, and that, judging by the history of previous Stock Market booms, the next stage which will be arrived at sooner or later is that in which something happens—often something that no one had imagined, occasionally something of a character that would not apparently of itself shake confidence—and then comes the day of reckoning. It seems likely enough that any development of this kind in New York, would have a sympathetic effect to some extent on the local exchanges, and it is certain that however bright the future of Canadian industry may be, once the present period of uncertainty is passed, that a number of local stocks at their present levels are discounting, and in some cases more than discounting, 100 per cent of that prosperity. This applies, particularly, as was pointed out in this column last week, to certain junior securities which have very little in sight to justify present quotations and may be the subjects of considerable manipulation. While developments of the week in the labour position are satisfactory, it is likely enough that Canadian industry will be hindered for some time to come by sporadic if not general outbreaks of the strike fever, though the greater firmness with which the Western situation has been lately handled, and the success with which that firmness is meeting are a welcome sign.

THE MERCHANTS BANK OF CANADA.

Sir Montagu Allan, President of the Merchants Bank, occupied the chair at its Annual Meeting last week, after an absence of four years, during which period he rendered valuable service to the Empire, by his activity in important work connected with the war. As might be expected, on rising to address the Shareholders, he was greeted with applause and enthusiasm by both his co-directors and others present at the meeting.

The occasion was one for general satisfaction, as under the management of Mr. D. C. Macarow,

the bank has closed a profitable year, and the Directors thereby had been enabled to increase the dividend by one per cent. The growth of the bank's operations generally is a strong testimony to its popularity and public confidence. It is worthy of attention, in these days of frequent mergers, that the substantial increase in the business and resources of the Merchants Bank of Canada, has resulted only from conservative management, and the rendering of excellent service to its clients, during a period of expansion and prosperity. The fact that the bank has abstained from participation in any amalgamations does not appear to stay its growth and prosperity.

The balance sheet of the Bank as at 30th April last, indicates that the Bank has fully participated in the expansion of Canadian business which has taken place during the last twelve months. Circulation has increased from \$12,327,168 to \$13,316,032. The deposit accounts are particularly satisfactory, non-interest bearing deposits being up from \$34,886,748 to \$43,552,214, a growth of over \$8,675,000, and interest-earning deposits from \$75,946,985 to \$91,904,993, a growth of \$15,958,008. Compared with three years ago, total deposits show growth in excess of no less than \$63,390,000.

On the other side of the accounts, species and Dominion note holdings show a marked advance from \$10,802,153 to \$13,352,548. Deposits in Central Gold Reserves have increased from \$6,000,000 to \$7,000,000. Canadian call loans stand at \$5,134,690. Foreign call loans have been reduced by \$1,100,000, to \$2,801,857. The Bank's security holdings show a growth of \$1,278,942, their present total of \$25,363,677 comparing with \$24,084,735 a year ago.

A striking feature of the balance sheet is again the development of current loans in Canada. Their total is reported as \$95,874,426, compared with \$76,194,06 in 1918, and \$53,115,000 in 1917. The advance in these loans indicates that the bank has been doing its full share, in providing for the enlarged needs of its customers, under present conditions, and also in supporting production of all kinds. At the same time the Bank's liquid position has been well maintained, the proportion of liquid assets to liabilities to the public now appearing at 41.28 per cent. Total assets show notable enlargement from \$140,937,544 to \$166,725,404, an advance of \$25,787,860.

The growth in loan accounts during the year is reflected in the Bank's profits, which amounted to \$1,383,569, or \$148,888 in excess of those of 1918. Equivalent to 19¾ per cent. on capital, and 10 per cent. on capital and reserve combined.

A balance of \$437,937 brought forward makes the total available on this account \$1,821,543. Of this amount, dividends absorbed \$805,000 (including bonus of 1 per cent. paid 6th January, 1919). War tax on note circulation \$70,000, written off Bank Premises account \$300,000, Officers' Pen-

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