

FINANCIAL REVIEW.

WHILST the monetary affairs of the United States still continue in an unsettled condition, and rumours of war are exciting financial affairs in Europe, it is exceedingly satisfactory for Canadians to know that in this respect our country occupies a very favorable position. The statements given forth each month through the official *bulletin* to the public, by our banking institutions, show that our financial fabric is built on a very sound foundation. Very different indeed, is the exhibit which they make, to the great bulk of American monetary institutions. In many instances the statistics of the latter do not tend to increase the public confidence in their stability or management, whereas there are none in this country, since the Bank of Upper Canada disappeared from the list, which do not indicate that they are in a sound position, and are doing a satisfactory business. This is something for a country to be proud of and Canada might justly indulge a little pride on that score.

Besides affording evidence of the excellent standing of our banks, their statistics are also valuable in other respects, throwing as they do much light on the commercial condition of the country. So as to enable a correct judgment to be formed, we have prepared the following table, which shows the position of our banking institutions during the month of March for three years past:—

LIABILITIES.	March 1865	March 1866	March 1867
Notes in Circulation	\$ 4,124,563	\$12,327,693	\$ 9,653,994
Deposits without interest	14,426,704	14,863,331	17,427,690
Deposits with interest	9,793,812	10,772,577	10,475,911
	\$28,345,079	\$37,963,601	\$37,557,595
ASSETS.			
Gold and Silver	5,508,067	6,152,792	6,335,410
Real Estate and other property	2,563,115	3,071,790	3,331,761
Government Securities	6,495,121	7,205,091	6,448,365
Stocks and Bonds of other Banks	1,190,000	1,312,482	1,545,232
Advances due from other Banks	1,603,974	7,714,834	3,894,179
Notes and Bills discounted	4,469,784	44,183,471	49,007,783
Other Disbursements	3,469,638	3,781,780	2,204,109
	\$25,839,578	\$73,210,000	\$72,768,740

The first point which calls for notice in the above table, is the total amount of Assets and Liabilities. Neither of these items is so large in March 1867, as in March 1866, whilst in both of these years they are larger than in March 1865. The ability of the banks to pay was nearly the same in all cases, for in each year they held Assets almost double the amount of claims outstanding against them. The return shows their Liabilities to have been \$37,963,601, whilst their Assets were \$69,835,299, leaving a large balance of \$31,911,698 in favour of the latter. The paid up capital of all the banks in March 1867 was \$28,767,178, so that \$3,171,607 appears as profits for reserve funds and payment of dividends.

During last year the circulation of the banks swelled to a large extent. By comparing the figures for 1865 and 1866 in the above table, the great expansion in the circulation last spring will be seen. There were nearly \$4,000,000 more of notes in circulation at the latter period than at the former. About July 1865, the amount of money abroad was unusually limited, in fact the circulation of the banks seldom ever touched a lower point; but the abundant harvest that fall turned the tables with amazing rapidity, and within 90 days thereafter the circulation had expanded fully 75 per cent. A period of almost unexampled prosperity followed, during which business was so extensive that an unusually large amount of money was called into circulation. The Bank Notes in circulation show a decline of over two millions and three quarters in 1867 as compared with 1866, but this is accounted for by the Provincial Notes of which three millions and a quarter have been issued. We have no means of knowing what proportion of these are held by the banks, so are unable to draw any comparison between the total amount of notes in circulation this year and any previous year.

The amount of Deposits in our monetary institutions still continues large although there is a decline from last year. The total amounts in all the banks, with and without interest, during the present and two succeeding years were as follows:

Deposits in March 1867	\$24,720,550
Deposits in March 1866	29,123,111
Deposits in March 1865	26,968,684

Nearly one-half of these Deposits draw no interest whatever, and the remainder only 4 per cent. It has frequently excited remark that so much money should 'be lying unused, when throughout the country there are so many opportunities for its profitable employment. But the amount available for investment is probably not so great as would at first sight appear.

The thirteen millions now bearing interest in the banks, may possibly be available—but a large proportion of the Deposits not bearing interest, as well as some of the former, may be set down as casual balances arising from the ordinary business of the country. That the banks of Canada should have nearly thirty millions of capital belonging to the public, constantly in their hands, is a fact which speaks very well for the general prosperity of the country.

The returns of Notes and Bills discounted are rather significant. They prove how groundless were the fears expressed last spring by a few, that Canada was on the brink of an inflation, and how sound and healthy the state of business was, for it will be observed that the Notes and Bills discounted were less in March 1866 than in either the preceding or the present year. The increase in Discounts this spring, if the figures published be correct, is within a fraction of \$4,000,000.

The Assets of the banks which are immediately available, are set down under the heads of coin and bullion, notes and bills of other banks, and balances due from other banks. The former two are both greater this year than last, but the balances due from other banks were \$1,651,874 in 1865; \$7,714,834 in 1866; and \$3,894,179 this year. The great difference in these balances in favor of 1866, is attributable to the fact that some of the banks had placed a large amount at interest in London last year than usual.

Taken as a whole, the returns of our monetary institutions for March last, are satisfactory. They may not indicate that there is so much activity in business circles as was manifested last spring just before the Reciprocity Treaty closed, but they evidence that our banks continue to maintain the excellent standing which has long characterized them, while trade is by no means below the average. The Province generally occupies a sound financial position. Money may be said to be abundant. Loans on first-class real estate can be negotiated at lower rates of interest than for many years past. Business is being conducted on a sure and healthy basis, a good deal of money is being quietly made and our future prospects are as favourable as could be expected.

QUOTATIONS IN LONDON OF UNITED STATES SECURITIES.

VERY few people who read the telegraphic reports of the quotations in the London Stock Exchange of U. S. Bonds and Railroad Securities, understand clearly what value these quotations represent. We have received from Messrs. Bolding, Keith & Co., of Lombard Street, London, a short pamphlet entitled "United States Bonds and Securities," which gives information more especially intended for the British investor, but some of which will be found of interest even here. The mode of calculating the value, in pounds sterling, of U. S. Bonds, at any given rate, is very simple. For example, we will take the present rate, viz., 72. This quotation means that a hundred dollar bond is worth \$72. But it is assumed that one dollar is worth 4s. 6d. sterling, therefore a \$1,000 Bond is worth \$720, equivalent at 4s. 6d. to £162. The real value of this, of course, varies with the course of exchange between London and New York. Taking the present value of eight exchange on London, 110½, the value of a \$1,000 Bond will be, as nearly as possible, £735, or 20½ per cent discount. With gold at 135, Bonds would be worth in U. S. currency in New York 8½ premium. The actual quotation in New York is 7 to 7½, to which our calculation would correspond had we allowed for brokerage, which would have to be paid to the London broker to negotiate sales.

The rule, then, for arriving at the value in Canadian currency, according to the foregoing example of U. S. Bonds, is first, to ascertain the value in sterling money by multiplying 4s. 6d. by the quotation of the Bonds, and, second, in the ordinary way, to obtain the value in our currency of the sterling, according to the current rate at which sight exchange on London can be bought. The result will be the value of a \$100 Bond.

The pamphlet to which we have referred, gives in tabular form the sterling value of the three denominations of \$500, \$1,000, and \$1,000, at rates from 65 to 92, advancing by eighths. These tables, or course, save the trouble of the first calculation, and the usual sterling exchange tables will give the result of the second calculation as desired.

CAN IT BE TRUE?

ONE of the leading Philadelphia Journals has given currency to the statement that certain leading capitalists of Pennsylvania have offered to subscribe \$20,000,000 towards the project of the Huron and Ontario Ship Canal Company, and undertake the construction of the work. It appears that the venerable Mr Capreol, the President of the Company, has lately been on a visit to some of the Atlantic cities, and this arrangement is announced as the result of his visit and exertions.

At first sight the announcement that leading American capitalists are prepared to prove their faith in this canal project to the extent of twenty millions looks something like work. On closely examining the paragraph of our Philadelphia contemporary, however, we find there are certain conditions attached, and these can by no means be overlooked in considering the offer said to have been made. These conditions are as follow: That the balance of the stock be taken by English capitalists, that the Local Government of Upper Canada give a grant of public lands along the canal line, and that the Local Municipalities, or rather the Municipalities more directly interested afford some assistance to the enterprise. Some of the opponents of the canal have been shabby enough to impute that the offer of the Pennsylvania capitalists (if such has really been made) is a "safe" one with the above conditions attached thereto; but granting that it is a real bona fide offer, it is exceedingly doubtful if Mr Capreol, whose energy is undoubted, or any other person, will be able to secure the fulfilment of the conditions upon which it is based.

Many of the people of Western Canada consider the Huron and Ontario Canal impracticable. Toronto would be more benefited by its construction (if it were likely to be successful) than any other place, but nevertheless, the project meets there with more ridicule than favour. The *Globe*, which is one of the leading organs of public opinion, has taken ground against it; a meeting of lake shippers and capitalists called to consider the subject some time ago decided against it, and many well-informed men at the West have written against it, some urging that the extent of the cuttings necessary renders it impracticable, others contending that there would be a want of water, and others still that it would cost far more than it would be worth. It is only fair to add that the scheme also has its friends, who speak warmly in its favour; but from what we have read upon the subject, we incline to the opinion that the weight of argument is against the undertaking, at least under present circumstances.

It is stated that, in accordance with the arrangement made with the American capitalists, Mr Capreol is about to visit England to induce capitalists there to subscribe the remainder of the stock. We fear anticipations of achieving much in England will hardly be realised. Of course, if Mr Capreol can succeed in inducing moneyed men in England to do so, the people of Canada can have no possible objections. Indeed, the Company would in that event very much strengthen their demand upon the Legislature of Ontario for a grant of lands. But we hardly think it likely that the scheme will "take" among English capitalists, who are apt to enquire pretty closely regarding the security of their investments, and what dividends are likely to be declared. That a grant of the public domain could be obtained without its being pretty certain that the canal would be speedily begun and finished is very problematical.

Whilst public opinion appears to be rather against undertaking this canal at present, Mr Capreol seems to be labouring away as zealously and energetically as if it were on the point of being commenced. Opposition—and the scheme gets plenty of that—only serves to redouble his exertions, and there are some who profess to believe that he will triumph over all difficulties, and ultimately get the work begun under favourable circumstances. Should he succeed in this, he certainly will have proven that energy and determination can ensure success under the most unpromising circumstances. The chances of success, however, are as doubtful as the practicability of the canal which, as we have already said, many do not hesitate to deny.

We shall await further information about this offer of twenty millions by eminent Pennsylvanians with much interest. If the reports prove true, and the gentlemen are prepared to stand by the offer in good faith, it will afford some evidence that the undertaking may after all be more feasible than is generally supposed. Showed business men like our American neighbours would hardly risk so much in an impracticable scheme. This circumstance would induce us to re-examine the subject, lest the opinions generally held are erroneous. We are rather doubtful, however, if the twenty millions will be forthcoming, and certainly have little expectation that present opinions with regard to the work are likely to be proven incorrect. Should the future show we are mistaken in this, none will be quicker to do Mr Capreol and his scheme justice than ourselves.