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THE APRIL BANK STATEMENT.

The outstanding feature of the April bank statement is a further substantial rise in Canadian current loans to their highest level during the war period. Following a growth of almost \$30,000,000 in March, these loans increased during April a further \$37,469,431 to \$880,523,897. At this level, these loans are \$140,585,384 higher than their lowest point during the war period, recorded in October, 1916, and \$102,759,215 higher than at the end of April, 1916. Not only so, but they are \$44,818,833 higher than at the close of April, 1914, before the war. The causes which have led to the recent rapid expansion in the banks' Canadian current loans are now generally well known. The soaring prices of commodities have involved materially larger credits in order to handle a given volume of business, while the activity in the grain markets throughout March and April was doubtless also a strong contributory influence in the expansion of credit. As illustrating the effect of the existing high prices of grain, it is pointed out that every car of wheat shipped from country points and turned over at around \$2.00 per bushel means the negotiation of exchange on Winnipeg of \$2,000 or more, and every million of bushels carried by the big milling and elevator companies represents bank loans of from \$1,500,000 to \$2,000,000. Through the summer months, doubtless, loans arising from the grain business will contract steadily, as the wheat held in Canada during the winter months moves forward to Europe. However, a good crop in the West with grains selling at high prices will doubtless bring renewed demands for credit on a large scale during the late summer and autumn.

There was also during April a substantial rise in Canadian call loans, which are up by \$6,258,709 to \$82,737,417. This movement doubtless reflects financing in connection with the payment due during April on the recent War Loan. Complaints have lately been made that stock exchange business, particularly at Toronto, has been much hindered through the refusal of the banks to grant the necessary loans, but the April statement makes it clear that the banks have had their hands full in

looking after the prime necessities of the financing of the War Loan, and commercial needs. The effect of the War Loan is also seen in a reduction in the notice deposits, which are down by \$13,816,974 to \$874,948,724. Many of the smaller subscribers doubtless took the course of paying-up the whole of the instalments under discount when the April instalment became due. Even at their reduced level, however, notice deposits are \$126,588,767 higher than at the close of April, 1916. The amounts transferred from notice deposits and borrowed from the banks on War Loan account are now included in the Dominion Government's balances, which more than doubled during April as a consequence of the War Loan payment, being reported as \$93,729,638 against \$45,934,629 at the end of March. The large increase in demand deposits during the month, amounting to \$23,160,757, from \$448,151,528 to \$471,312,285, is undoubtedly in part connected with the development in current loans already referred to.

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Circulation shows the slight decrease during the month of \$2,714,521, but remains at the very high level of \$145,550,619. The banks' deposit in the Central Gold Reserve was increased by practically \$6,000,000 during April to \$41,150,000; specie holdings were raised by \$2,255,016 to \$74,390,447 while Dominion note holdings were decreased by \$4,597,541 to \$132,804,036. A further net amount of \$2,715,939 was added to holdings of Dominion and provincial government securities, doubtless as a result of additional advances in connections with munition, etc., activities. But with holdings of railway, etc., bonds and stocks further decreased by \$2,517,464, the total of the banks' security holdings shows little change in comparison with March. The growth in loans has had a further marked effect upon the banks' reserve position. Against circulation and deposits of all kinds, immediately available reserves of specie and Dominion note holdings, deposits in the Central Gold Reserve and to secure the note issues, bank balances abroad and foreign call loans were in a proportion at the end of April of 26.3 per cent. The end of March proportion was 27.8 per cent.