

THE STERLING BANK OF CANADA

Sterling Bank Service means that every transaction to which this Bank is a party, receives the stimulating influence of *personal* effort.

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.

THE STANDARD BANK OF CANADA

Quarterly Dividend Notice No. 120.

A dividend at the rate of Three and One Half per cent. ($3\frac{1}{2}$) for the three months ending 31st October, 1920, has been declared payable on the 1st of November, 1920, to Shareholders of record as at the 21st of October, 1920.

By Order of the Board,

C. H. EASSON,
General Manager.

Toronto, September 22nd, 1920.

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

V.—What Controls It?

THE previous numbers of this series explained that the foreign dollar is not money but a commodity, and that the inconvenience of settling international debts in gold has led to the use of Bills of Exchange. We now come to the effect of the Trade Balance on the exchange value of the dollar.

If we bought from the United States goods to exactly the same value as those we sold to them, broadly speaking, there would be no exchange problem between us, since the amount of Bills of Exchange offered for sale in each country would just cover the requirements of those wanting to pay debts in the other.

At present, however, we are buying from the United States far more than they are from us. In consequence many Bills of Exchange, representing Canadian dollars, are being offered in the money markets of the United States by American vendors and few bids are being made for them. The holders, to dispose of them, lower the price until they become a tempting bargain. The Canadian dollars are therefore at a discount in the United States.

On the other hand, only comparatively few United States dollar Bills of Exchange, created by the sale of Canadian goods, are being offered in Canada and there are many bidders who want to buy them to pay their debts in the United States. In consequence the competition is keen, the price rises and United States dollars are at a premium here.

We will deal next week in No. VI. with the effect on the exchange rate of one result of war financing, namely the Inflation of the Currency.

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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