

the rapid settlement of the Western farm lands and the rapid growth of Western cities, is seen in the very heavy demand for mortgage loans emanating from that part of the Dominion. For excellent loans on farm properties in settled districts 7 and 8 per cent. are to be had; and 6 and 7 per cent. for loans on city property. It is said that the insurance companies and other investment corporations, which usually figure prominently as buyers of bonds, are now giving a good deal of attention to these mortgage loans.

THE MARCH BANK STATEMENT.

A Record Increase of Deposits.

Usually there are in the spring months some strong movements visible in the stream of our financial affairs. This year March was essentially a spring month, and certain forces and activities, which do not commonly appear prominently in view till a later season, were in play during the month. The outstanding features of the March bank report are the gains in deposits and the loan expansion. Taking all classes of deposits—government, demand, notice, and deposits elsewhere—the increase for the month (\$33,250,000) is larger than has ever before occurred in one month. The customary midwinter contraction of deposit liability was responsible for a reduction of \$10,000,000 in the deposits of the banks during January and February. Therefore the March increase restored this loss and placed the total some \$23,000,000 higher than the record of December 31st, 1909.

Current loans and discounts in Canada were increased by \$22,100,000. In this movement is seen one effect of the activity of the representative industrial and mercantile concerns in preparing for the operations of the coming summer. There is raw material to accumulate; improvements to equipment and plants are to be completed; and the importers have been getting in fabrics and merchandise from abroad to supply the spring and summer trade. All these things necessitate an increased demand upon the banks for credits. It is almost a certainty that a considerable part of the \$11,000,000 gain in "demand" deposits arose from the loan expansion in the Dominion. As for the notice deposits their steady advance, in all seasons of the year, has been most impressive. Since the end of 1907, there has not been a single month, except February in each year, in which the notice deposits failed to advance. As the increase in the current accounts of the banks spells industrial activity and expansion so the steady, rapid growth of the notice deposits speaks of a satisfactory growth of population and of an improved financial condition of the Canadian people. The

machinery for gathering up the savings and surplus funds of the people is very efficient, and it is quite certain that the continued growth of our population and wealth will result in continued heavy increase in the power of the banks.

With regard to the "deposits elsewhere," that is an item which fluctuates considerably. The London branches may receive one month a large amount of cash from the subscribers to and underwriters of the various Canadian security issues taken in London. Next month the transfer of the funds to Canada, or their disbursements, may result in a sharp reduction of the balance. So it is not wise to count too confidently upon the maintenance of the deposits elsewhere at the present figure. But it is likely enough, however, that a drop in the total of this item might be accompanied by a corresponding rise in the total of demand and notice deposits in Canada.

Every year in the spring there is a small upward movement of the bank note circulation. One of the principal factors in bringing it to pass is found in the operations of the lumber companies. The gangs of men who have been all winter in the woods come down to civilization and are paid off. These payments serve to swell the note circulation for a few weeks. Usually there is a fall in the circulation immediately afterwards and the account does not show any marked characteristics until the close of the summer when the Western wheat crop is coming upon the market.

Although the liabilities of the banks show so heavy an increase there was no loss of cash strength during March. As a matter of fact the proportion of immediately available assets to net liability rose .63 p.c. It now stands at 28.09 p.c. as against 30.78 p.c. at the end of March, 1909. Compared with March, 1908, the position is distinctly strong. The proportion of available assets then was 20.42 p.c. This includes, it should be explained, specie, legals, net foreign bank balances, and foreign call loans. An increase of close upon \$10,000,000 took place in the call loans outside Canada, and one of \$4,700,000 in the balances carried in foreign and United Kingdom banks. This development follows naturally upon the receipt by the banks of over \$12,000,000 of new deposits outside Canada. The funds have simply been employed, meanwhile, partly in loans and partly as balance in bank, at London and New York. By no possible stretch of the imagination can it be said that in this particular month the funds of Canadian depositors were sent abroad and there devoted to the use of stock market speculators.

It is always worth while to follow closely the movements of the banks in connection with their foreign operations. From the following table one