

# The Chronicle

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## THE JUNE BANK STATEMENT.

As a result of the banks' recent policy of the general curtailment of loans, in view of the prospects of pressure for funds during the autumn months, some interesting and fairly important changes in the position of the Canadian institutions are shown in their statement for June. The contrast between the all-round decreases in the loaning accounts of the banks and the further large growth in their circulation is particularly striking. Circulation went up during the month by almost \$14,000,000, to \$156,625,701, an increase of no less than \$33,252,306 over June 30th, 1916, and reflecting continued industrial activity at high prices. On the other hand, the banks' Canadian commercial loans were reduced \$5,534,807 during June, following a May decrease of \$35,633,000, to \$839,355,782. Similarly commercial loans abroad were reduced during the month by \$5,843,114 to \$93,150,083. Compared however, with a year ago, both these items show important increases, the Canadian loans being up \$91,885,241 and the foreign loans, \$33,068,499—a total increase for the year of \$124,953,740. Call loans were also further decreased during June. Canadian call loans were brought down by \$2,429,578 (following a reduction of \$4,222,619 in May) to \$76,085,220. They are accordingly \$10,691,254 lower than at the end of June, 1916, a fact which explains a good deal in regard to the present position of the security markets. Foreign call loans were also decreased during June, by \$9,383,542 to \$159,309,133, at which figure they are \$23,447,882 lower than at the corresponding date a year ago.

### WAR FINANCING.

As regards the banks' security holdings, which reflect the various movements in war financing, holdings of Dominion and provincial securities show a slight increase of \$1,666,961 during June to \$95,504,814, while holdings under the headings of Canadian Municipal and British, etc., public securities, show a decrease for the month of \$11,063,807 to \$167,769,412. This movement is perhaps a result of the maturity of some British Treasury bills, and in connection with it the substantial month's increase of \$5,121,480 in the banks' holdings of specie may be noted. Total holdings of securities are \$116,192,698 higher than at June 30th, 1916. The probabilities are that the July statement will show a further considerable advance in this connection, the banks having made further large temporary loans to the Minister of Finance for account of the Imperial Munitions Board,

during last month, partly at an earlier date than was originally arranged for. Following a rise of nearly \$4,000,000 in May, municipal loans further increased during June by \$2,967,482 to \$42,757,673, as a result doubtless of the closing of the markets to municipal public issues.

### GROWTH IN DEPOSITS.

Deposits by the public show a healthy increase. Demand deposits are up by \$5,849,823 to \$449,689,570, and notice deposits cross the \$900 million mark to \$900,510,552, a growth for the month of \$7,947,895 and for the year of \$132,912,422. Undue jubilation on this account will be guarded against when it is remembered that present-day uncertainties have probably resulted to a certain extent in the hoarding of resources by corporations, instead of their distribution or immediate employment in new plant. There is a sharp decrease in foreign deposits of nearly \$29,000,000, and the banks' New York balances also record a sharp fall from \$61,704,345 at the end of May to \$44,205,229 at the close of June. At this figure they are over \$31,000,000 lower than at the end of June, 1916.

The banks' reserve position shows a slight falling off as a result of the month's movements. 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 June of 27.2 per cent. The end of May proportion was 27.9 per cent.

### DOMINION BANK'S HALF-YEARLY STATEMENT.

Operations of the Dominion Bank for the six months ending June 30, 1917, as indicated in the half-yearly statement, show a satisfactory trend in the matter of profits. These, after deducting charges of management, etc., and making provision for bad debts, were \$559,281, against \$491,934 during the 1916 half-year a gain of \$67,347. A balance forward of \$363,442 makes the total available \$922,723 against \$836,373. Of this amount, taxes absorb \$52,415; dividends, \$360,000 and Patriotic Fund contributions, \$25,000, the balance forward to the new half-year being \$485,308 against \$404,658.

The Bank reports a considerable increase in circulation and deposits compared with a year ago. Circulation at June 30 was \$6,754,722 against \$5,162,201, a gain of \$1,592,521. Demand deposits are \$16,078,409 against \$12,998,091, and notice deposits, \$58,309,943 against \$54,109,694, the total increase in deposits for the year being thus \$7,280,000. On the other side of the account, specie holdings show a growth of \$75,613 to \$1,965,199; Dominion notes are \$10,387,207 against \$6,959,800, a growth of \$3,427,590, and there is a deposit of \$1,000,000 in the Central Gold Reserve, which had no equivalent last year. The restriction of ordinary loaning accounts and the use of funds in liquid form and for war financing purposes is shown in a decrease of \$1,805,086 to \$4,713,647 in Canadian call loans, and of \$130,534 to \$44,818,660 in current loans, while coincidentally, call loans abroad have increased by \$1,173,732 to \$3,012,485, and holdings of Canadian government and provincial securities by \$4,443,558 to \$5,490,561. The effect of these movements is to strengthen further the Bank's liquid position.