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TRADE AND LOANS.

The effect of the submarine menace and the restriction of sea-going carrying capacity upon Canadian trade, is seen in the trade returns for the first four months of this year. In April, our imports (excluding gold) actually exceeded exports (excluding gold and foreign produce) by a substantial margin, the first occasion on which this phenomenon has been seen in a good many months. For the four months also, the balance of exports is considerably less than in the corresponding four months of 1916. For this period of the current year our exports were \$354,891,404, and imports \$329,497,238, the balance of exports being \$25,394,166. For the corresponding months of 1916, the figures were: exports, \$285,160,625 and imports, \$214,008,068, the surplus of exports accordingly being \$71,160,557. During years immediately preceding 1916, the first four months uniformly showed a balance of imports over exports, ranging from \$4,758,704 in 1915 to \$122,676,643 in 1913 and \$107,498,755 in 1912. The existing high prices of all commodities have, of course, a marked influence in swelling the present surplus of imports. It may be noted, however, that the April margin of imports over exports appears to be directly due to a temporary slump in exports, arising from shipping difficulties. April exports at \$65,145,449 compare with \$122,415,313 in March, with \$68,224,383 in February and \$99,106,259 in January. With the re-opening of St. Lawrence navigation and the gradual movement of western wheat to hungry Europe, presumably the pendulum will swing back, and an export balance be continued throughout the year. The April figures, however, show a movement in the wrong direction, and that at a time when high prices for our exports are being counted upon to fortify the country's financial standing.

Imports from the United States continue to form an increasingly important proportion of the whole of our imports. For the twelve months ended February, 1917, the imports of merchandise from the United States amounted to \$627,169,592, or 78 per cent. of the grand total of Canadian imports, as against \$350,832,881, or 72 per cent. of the total in the corresponding period of 1915-16, and \$302,336,831, or 64 per cent. in 1914-15. With the pre-occupation of the European countries in the war, the United States has become almost the sole source of import supply—the Dominion now procuring

practically four-fifths of her requirements there. The United Kingdom in the twelve months ending February, 1917, sent to Canada goods to the value of \$120,912,984, and apart from the British West Indies no other country appears in the list for as much as \$10,000,000. On the other hand, as regards exports, the military requirements of the Allies have naturally necessitated the shipments of an increasingly large proportion to British ports. In the twelve months to February, 1915, Canada's exports to the United Kingdom barely exceeded the exports to the United States, whereas in 1917 the shipments to Britain were almost three times as large as the shipments to the United States. Canada's exports for the twelve months ending February, 1915, to the United Kingdom were \$195,034,921, and to the United States, \$185,627,411. For the similar period ending with February, 1917, the figures are respectively \$736,638,478 and \$278,835,456. It is to be noted that in regard to exchange, Canada has not yet received the whole benefit of her large exports to the United Kingdom. The taking of British Treasury bills which have not yet matured has made negotiations of sterling exchange in New York impossible to that extent. With the United States market also now closed to our issues, the exchange problem assumes a complicated aspect. A considerable proportion of Canadian purchases in the United States is represented by materials, etc., used in Canadian munition activities. It is as important in the common cause of the Allies that Canadian industrial war activities should be maintained at their maximum as that food and munitions should continue to go forward to Europe. Advances by the United States to Canada would therefore be equally helpful from the point of view of the Allies as advances to Great Britain or any of the other belligerents, and made for the purpose of financing Canadian purchases in the States would be practically on the same basis as the United States Government's loans to Europe. Possibly when the most urgent of the financial requirements of the European Allies have been got safely out of the way, the question of the financing of Canadian purchases in the United States will be taken up. With a heavy trade balance against us, Canadian borrowings in the United States during the war period, have gone to the liquidation of that balance—the money has remained in the United States and has not come to Canada. That method of adjustment of exchange has now been closed, and eventually some other method of adjustment will need to be adopted.