Monetary Times

Trade Review and Insurance Chronicle of Canada

Address: Corner Church and Court Streets, Toronto, Ontario, Canada.
Telephone: Main 7404, Branch Exchange connecting all departments.
Cable Address: "Montimes, Toronto."
Winnipeg Office: 1206 McArthur Building. Telephone Main 3409.
G. W. Goodall, Western Manager.

SUBSCRIPTION RATES

One Year	Six Months	Three Months	Single Copy
$3.00	$1.75	$1.00	10 Cents

ADVERTISING RATES UPON REQUEST.

The Monetary Times was established in 1867, the year of Confederation. It absorbed in 1869 The Intercolonial Journal of Commerce, of Montreal; in 1870 The Trade Review, of Montreal; and the Toronto Journal of Commerce.

The Monetary Times does not necessarily endorse the statements and opinions of its correspondents, nor does it hold itself responsible therefor.

The Monetary Times invites information from its readers to aid in excluding from its columns fraudulent and objectionable advertisements. All information will be treated confidentially.

SUBSCRIBERS PLEASE NOTE:

When changing your mailing instructions, be sure to state fully both your old and your new address.

All mailed papers are sent direct to Friday evening trains. Any subscriber who receives his paper late will confer a favor by complaining to the circulation department.

PRINCIPAL CONTENTS

WHERE HAS THE MONEY GONE?

"WHERE will the money go?" asks a prominent Canadian bond house, referring to the estimated return of $1,250,000,000 from the grain crops of this country during the present year. Some of these and other funds will no doubt be invested in bonds, but the record of bank deposits during the past year suggests that there is a wide loop-hole through which an immense sum has disappeared. Where did this money go? is an equally pertinent question at the present time, and one which is causing the financial community some concern.

Savings deposits in the chartered banks at the end of September were $1,270,194,097, compared with $1,227,437,715 at the end of September, 1919. Deposits on demand were $27,000,000 greater. While these figures seem healthy enough they indicate an unsound position when viewed along with the course of loans. Current loans in Canada increased from $1,058,572,502 to $1,417,520,756 during the same period, while call loans in Canada increased from $96,912,909 to $114,669,611. Current loans outside of Canada grew from $151,814,511 to $202,590,184, and call loans from $169,532,489 to $186,962,960. This is a total increase of $445,000,000 in loans, while the total increase in deposits in Canada was only $70,000,000. That this growth is different from usual is evident from the following comparison over the past five years, the figures being as at September 30 in every case:—

	Deposits in Canada	Current loans in Canada
1915	$1,052,655,131	$ 771,086,757
1916	1,270,522,220	752,545,756
1917	1,417,143,073	855,306,953
1918	1,626,439,039	942,802,018
1919	1,878,180,730	1,058,572,202
1920	1,947,481,002	1,417,520,756

This comparison shows the following annual excesses of Canadian deposits over current loans in Canada: 1915, $281,568,354; 1916, $517,976,464; 1917, $561,836,080; 1918, $683,637,021; 1919, $819,608,528; 1920, $529,960,246.

The heavy commitments required to move the 1920 crop are in part responsible for the high level of current loans at the end of September, and are reflected in the increase in demand deposits. The disappearance of several hundreds of millions of dollars during the past year must, however, be due to some other influences as well. Merchants are unquestionably carrying very heavy stocks, in spite of their strenuous efforts, both in the wholesale and retail branches, to reduce them during the past few months. Such a situation is commonly found at the close of a period of activity and rising prices, and the number of firms which pay the supreme penalt yfor their over-optimism is already showing an increase, as the comparison of failures regularly shown in *The Monetary Times* indicates not only the merchants, but also the manufacturers have accumulated large stocks of goods which cannot now be unloaded. Another loophole has been the speculative fever which has resulted in the sinking of millions of dollars in existing and new enterprises, such stocks being purchased near the end of a period of rising prices. An immense sum has also gone out of this country to repurchase sterling issues of Canadian bonds, these investments, though made in the face of the finance minister's request to the contrary, at least have the merit of being sound and of reducing the amount of interest which must in future be sent abroad annually.

MARKETS FOR CANADIAN SECURITIES

THE ability of the United States to maintain her leading position as a creditor nation will have to be determined in the next few years. That position was attained not by the achievements of that country, but rather by the default of others. Britain, France and Germany could not loan abroad when they had difficulty in meeting their own wartime requirements. They are recovering, however, and will probably recover still more in the next couple of years, and the time may be near at hand when European capital will seek investment in this and other fields abroad. The factor of exchange, so long as sterling, francs and marks remain at a discount, will retard this movement, just as it has attracted American capital by reason of the depreciation of