

The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881.

PUBLISHED EVERY FRIDAY.

F. WILSON-SMITH,
Proprietor.ARTHUR H. ROWLAND,
Editor.

Office:

406-408 LAKE OF THE WOODS BUILDING,
10 ST. JOHN STREET, MONTREAL.

Annual Subscription, \$3.00. Single Copy, 10 cents.

MONTREAL, FRIDAY, MAY 4, 1917

THE MARCH BANK STATEMENT.

Continued business activity, the expansion consequent upon Government financing and the high prices of commodities are reflected in the March bank statement. All three are in part responsible for the sharp rise in the banks' circulation of over \$10,000,000 to \$148,265,140, at which level it stands no less than \$33,460,536 higher than at the close of March, 1916. Public deposits show an additional growth of some \$26,000,000. The major advance is in demand deposits, which at \$448,151,528 show an expansion of \$17,819,727. This advance is undoubtedly connected with the enlargements of Canadian commercial loans, which are up for the month by \$29,751,749 to \$843,054,466. The rise in commodities, particularly in foodstuffs, would probably be partly responsible for this pronounced expansion, which it is possible also has been partly contributed to by financing in connection with the recent War Loan. Notice deposits show a further growth of \$8,309,061 to \$888,765,698, which is satisfactory in view of the presumable fact that the subscription money paid out of these accounts on the issue of the third War Loan was actually transferred to the credit of the Dominion Government before the end of the month, though it is not clear from the return whether or not this was the case.

EFFECT OF WAR FINANCING.

The Dominion Government's balances remain at a high level, though slightly lower than at the end of February—\$45,934,629 against \$49,142,452. The Government appears to have arranged further temporary financing with the banks during the month, either on its own account or for the account of the Imperial Munitions Board, the banks' holdings of Dominion and provincial government securities increasing by nearly \$11,000,000 to \$110,876,373. On the other hand, holdings of Canadian municipal, British, colonial and foreign securities declined by \$3,915,307 to \$178,893,152, a temporary movement, possibly the result of maturity of British Treasury bills. In this connection, it may be noted that the banks' holdings of specie increased \$5,000,000 during the month to \$72,135,431. The banks' total security holdings stand now at \$351,200,941 compared with \$141,335,035, a growth during the year of \$209,865,906. Dominion and provincial security holdings have increased \$83,622,000 during the period, and British, etc., securities, \$134,508,499, holdings of railway and other bonds and stocks having coincidentally declined

\$8,264,943. The details given in another column regarding the banks' recent temporary financing of the Dominion Government are of much interest in connection with the movement.

Deposits in the Central Gold Reserve increased \$5,150,000 during March as a result of the rise in the banks' circulation. Call loans in Canada are down by \$2,307,827 to \$76,478,708 and are \$5,268,804 lower than their level of a year ago. Foreign call loans were decreased slightly to \$161,616,735, foreign current loans also being pulled down by \$3,393,225 to \$83,551,225.

ASSETS OVER \$2,000,000,000.

It may be noted that as a result of the month's expansion, the assets of the banks are reported for the first time in excess of \$2,000,000,000, their total at the end of March aggregating \$2,025,918,081. With a continuance of financing on account of the Imperial Munitions Board, and a probable increased demand for commercial loans during the coming months, the banks' assets will undoubtedly continue at a high level for some time. As foodstuffs promise to stand at exceptionally high prices next fall, the banks' task in financing the crop movement, particularly if, as is to be hoped, the crops are abundant, will be no light one. It will be extremely desirable that the public should again take the whole of the next War Loan, which is promised for the early fall, in order that the banks may be relieved to this extent and enabled to concentrate their energies upon crop-moving and the financing of the Imperial Munitions Board. On this account steady accumulation of savings deposits by those in a position to accumulate, should be persistently continued.

Extension of credit has had a further effect upon the banks' reserve position. 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 March of 27.8 per cent. The end of February proportion was 28.3 per cent.

APRIL BANK CLEARINGS.

Canadian bank clearings in April were at an exceptionally high level for this period of the year. The existing widespread industrial activity and the high prices of commodities, which of themselves are sufficient to maintain clearings at a high level, received powerful augmentation last month from the large payments in connection with the war loan. Among the leading centres, Montreal's clearings last month totalled \$344,255,448, an April record, and comparing with \$269,945,749 in April, 1916. Winnipeg's April clearings were more than double those of April last year, being \$271,534,933 against \$131,002,911, while Toronto reports \$263,225,155 against \$186,270,201. The smaller centres uniformly show large increases.

The payment of Toronto's municipal insurance to the dependents of soldiers who lose their lives on active service, in so far as beneficiaries residing outside the city are concerned, will be made only to parents, wives or children.