

# The Chronicle

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## THE GENERAL FINANCIAL SITUATION

(Continued from front Page)

which was pointed out in these columns in connection with the January return, the tendency of a falling off in the rate of increase. In February of this year, notice deposits showed a growth of \$23,730,270, an increase which compares with a rise of over \$28,000,000 in February 1919. Comparing the three months since the flotation of the last Victory Loan, with the three corresponding months of a year ago, it is seen that notice deposits in the latest three months have only increased \$49,000,000 compared with an increase of \$79,000,000 in the corresponding period. The evidence would seem to be accumulating that prices of all staple commodities have now advanced to a point, where they have almost overtaken rises in wages, which undoubtedly were in advance of prices in Canada for some time during the war period.

However, in the case of demand deposits, there is a more favourable showing than in February 1919, the trifling decline now reported of \$1,338,469, comparing with one of over \$37,000,000 a year ago. The banks current loans continue to advance, January's rise of practically \$20,000,000, being followed by one of over \$30,000,000 in February to the new high level of \$1,257,015,902, at which figure they are nearly \$162,000,000 higher than a year ago. With demands upon the banks on this scale from the commerce and industry of the country, the dearth of bank funds for Stock Exchange purposes is understandable enough. The banks call loans in Canada were in fact reduced during the month of February by \$4,763,415, as a result doubtless of the calling of loans to brokers, but at their end of February level, they are still \$48,000,000 higher than at the close of February 1919.

Among minor changes in the February statement may be noted a decline of practically \$15,000,000 to \$234,608,866 in holdings of Canadian municipal and British, etc., securities, which reflect the banks credits to the British Government. This movement is possibly related to the month's growth of \$14,263,077 in call loans abroad. Circulation is

\$6,757,865 higher than in January at \$223,377,781, possibly as a result of the growth in loans. As showing the growing importance of the bank's foreign business, it may be noted that deposits abroad at the end of February were \$277,478,631, an increase of \$76,918,323 in comparison with February 1919, and current loans abroad of \$180,711,238, a rise of \$50,171,125.

The Steel Company of Canada's report indicates that the leading Steel plants in Canada are carrying on through the period of re-organization, which followed the cessation of their war activities, with considerable success. The company appears to have derived some benefit from the shortage of steel products in the States, as a result of the strikes in the steel industry there, but even so, its record is a very favourable one. Gross profits amounted to \$4,000,940, compared with \$3,932,669 in 1918 (after writing off construction for war purposes) and net, after allocation to sinking fund, depreciation and bond interest to \$2,382,171 against \$2,429,758, the decrease being accounted for by a more liberal policy in regard to depreciation which absorbed \$911,133, compared with \$802,687 in 1918. The preferred dividends taking \$454,741, there was a balance of earnings on the common stock of \$1,927,430, equivalent to 16.76 per cent. compared with 17.18 per cent. a year ago. The balance sheet shows the company in a strong financial position, its current assets, including over \$2,060,000 cash, showing an excess over current liabilities of well over \$11,000,000. The common stock is now selling around 82, at which figures, on the present dividend basis of 7 per cent., it yields about 8½ per cent. The future of the stock is, of course, entirely contingent upon the future of the Canadian steel industry, but in view of the company's performance in a year which was admittedly one of transition, the present dividend would appear to be fairly secure.

### TRAFFIC RETURNS

#### Canadian Pacific Railway

Year to date	1918	1919	1920	Increase
Feb. 29 . . . . .	\$19,859,000	\$23,379,000	\$26,877,000	\$3,298,000
Week ending	1918	1919	1920	Increase
Mar. 7 . . . . .	3,122,000	2,468,000	3,244,000	775,000
Mar. 14 . . . . .	2,496,000	2,643,000	3,130,000	485,000

#### Grand Trunk Railway

Year to date	1918	1919	1920	Increase
Jan. 31 . . . . .	\$ 4,983,392	\$ 4,492,229	\$ 5,034,034	\$ 651,805
Week ending	1918	1919	1920	Increase
Feb. 7 . . . . .	675,115	905,449	1,178,184	272,735
Feb. 14 . . . . .	762,861	947,889	1,220,500	272,620
Feb. 21 . . . . .	960,013	974,229	928,693	Dec. 45,527
Feb. 28 . . . . .				
Mar. 7 . . . . .	1,122,582	1,224,388	1,185,857	78,551
Mar. 14 . . . . .	1,135,552	1,159,337	1,248,903	89,556
	1,204,467	1,235,013	1,320,407	85,394

#### Canadian National Railways

Year to date	1918	1919	1920	Increase
Feb. 29 . . . . .		\$13,053,079	\$13,783,621	\$ 730,542
Week ending	1918	1919	1920	Increase
Mar. 7 . . . . .		1,309,774	1,000,009	309,325
Mar. 14 . . . . .		1,480,946	1,625,485	144,539