

The following classification of bank loans in Canada as at Oct. 31, 1934, has been made as a result of an amendment to the Bank Act in 1934:—

CLASSIFICATION OF LOANS.	\$	\$
1. Provincial Governments.....		26,822,179
2. Municipal governments and school districts.....		107,414,483
3. Agriculture—		
(a) Farmers' loans, cattle loans, fruit growers.....	64,229,744	
(b) Loans to grain dealers, grain exporters and seed merchants.....	150,515,305	
	214,745,049	
4. Financial—		
(a) Call loans and other accommodation to brokers and bond dealers.....	90,748,241	
(b) Loans to trust, loan, mortgage, investment and in- surance companies and other financial institutions....	69,956,745	
(c) Loans to individuals against approved stocks and bonds not otherwise classified.....	115,192,444	
	275,897,431	
5. Merchandising, wholesale and retail.....		117,468,420
6. Manufacturers of and dealers in lumber, pulpwood, and products thereof...		74,283,150
7. Other manufacturing of all descriptions.....		140,125,188
8. Mining.....		6,621,121
9. Fishing, including loans to packers and curers of fish.....		6,965,205
10. Public utilities, including transportation companies.....		71,358,370
11. Loans to building contractors and others for building purposes.....		21,792,645
12. Loans to churches, parishes, hospitals, charitable and religious insti- tutions.....		19,683,072
13. Other loans.....		66,532,517
		\$1,149,708,830

**Bank Reserves.**—An important change has been made in the regulations governing bank reserves since the Bank of Canada commenced operations. The chartered banks are now required to carry deposits with or notes of the Bank of Canada together constituting a reserve amounting to 5 p.c. of their deposit liabilities in Canada in addition to maintaining adequate reserves against their external liabilities. Formerly, however, it was required that 40 p.c. of whatever cash reserves a bank found it expedient to carry should be in Dominion notes. A second provision instructed the Minister of Finance to arrange for the delivery of Dominion notes to any bank in exchange for specie. Thus the gold reserve against Dominion notes, to the extent that the notes were held by the banks, was reserve against banking operations, the Dominion Government being the custodian of the gold for the banks. The other cash element in bank reserves is specie in hand. In addition to this cash on hand, Canadian banks carry three other kinds of assets which are regarded as reserves, being funds more or less immediately available for the liquidation of liabilities. These are: (1) cash balances in banks outside of Canada; (2) call and short loans in New York (the favorite call loan market); and (3) readily marketable securities. These are shown, together with net liabilities, in Table 15. In Table 16, the ratio to net liabilities of each element of the reserves is shown.