

## 7.—Summary Statistics of Money Supply, 1939-48

(Millions of dollars)

Year	Currency Outside Banks <sup>1</sup>			Bank Deposits			Money Supply
	Notes	Coin	Total Currency	Chartered Bank Net <sup>2</sup>	Bank of Canada 'Other' Deposits <sup>3</sup>	Total Bank Deposits	
1939.....	247	34	281	1,071	18	1,089	1,370
1940.....	341	38	379	1,174	10	1,184	1,563
1941.....	450	42	492	1,403	6	1,409	1,901
1942.....	633	49	682	1,648	19	1,667	2,349
1943.....	794	55	849	1,859	18	1,877	2,726
1944.....	930	60	990	2,135	28	2,163	3,153
1945.....	992	63	1,055	2,429	30	2,459	3,514
1946.....	1,031	65	1,096	2,806	94	2,900	3,996
1947.....	1,046	66	1,112	2,764	68	2,832	3,944
1948.....	1,115	70	1,185	3,069	81	3,150	4,335

<sup>1</sup> Note circulation excluding notes held by chartered banks together with total coin issued by the Mint, less coin held by the banks. <sup>2</sup> Demand and notice deposits, deposits of Provincial Governments, United Kingdom and foreign banks; less 'float' deposits, that is, cheques on banks as shown in month-end returns. <sup>3</sup> Excludes Federal Government, chartered bank and foreign deposits.

## Section 4.—Monetary Reserves

## Subsection 1.—Bank of Canada Reserves

The composition of Canadian gold reserves held by the Government is presented in the 1936 edition of the Year Book, at p. 895, for the years 1905 to 1934. Since March, 1935, the gold reserves have been held by the Bank of Canada. By authority of the Exchange Fund Act (c. 60, 1935), effective in July, 1935, they are valued at the current market price of gold. The new data are to be found under the item "Reserves" in the "Assets" section of Table 1, p. 1058. As explained in the footnote to that table, under the Exchange Fund Order of Apr. 30, 1940, the gold reserves of the Bank of Canada were transferred to the Foreign Exchange Control Board and the requirement that the Bank should maintain a reserve of gold equal to not less than 25 p.c. of its total note and deposit liabilities in Canada was temporarily suspended.

## Subsection 2.—Chartered Bank Canadian Cash Reserves

**Before the Establishment of the Bank of Canada.**—Up to March, 1935, legal tender cash reserves in Canada were made up partly of Dominion notes, partly of gold coin and bullion, and subsidiary coin, including these forms of cash held by the banks themselves, and as deposits in the Central Gold Reserves. In so far as these reserves were in actual gold or were in Dominion notes backed by gold, they were subject to the expanding or contracting influences of monetary gold imports or exports arising from Canada's balance of international payments, so long as Canada was on the gold standard.

**Since the Establishment of the Bank of Canada.**—When the Bank of Canada was established, the chartered banks turned over their reserves of gold in Canada and Dominion notes to the new bank in exchange for deposits with, and notes of, the Bank of Canada. It was provided that, henceforth, the chartered banks were to carry reserves in these forms amounting to at least 5 p.c. of their