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CANADA  
DEPARTMENT OF TRADE AND COMMERCE  
DOMINION BUREAU OF STATISTICS  
GENERAL STATISTICS BRANCH

Vol. 19

No. 6

BANK DEBITS TO INDIVIDUAL ACCOUNTS

and

Equation of Exchange

JUNE 1942

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Published by Authority of the Hon. James A. MacKinnon, M.P.,  
Minister of Trade and Commerce.

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OTTAWA

1942

Price 50 cents a year



DOMINION BUREAU OF STATISTICS - OTTAWA  
BUSINESS STATISTICS BRANCH

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BANK DEBITS TO INDIVIDUAL ACCOUNTS, JUNE, 1942.

Cheques cashed by the branches of the chartered banks amounted to \$21,592 million in the first half of 1942 compared with \$18,810 million in the same period of the preceding year. The gain of 14.8 p.c. or \$2,782 million was due to heavy payments on the second Victory Loan as well as to the higher levels of business activity and commodity prices. Increases were shown in each of the five economic areas.

The Maritime Provinces recorded a gain of nearly 17 p.c., the total having been \$525 million against nearly \$450 million. Cheques cashed in the three clearing centres of Quebec rose from \$5,221 million to \$5,931 million, a gain of 13.6 p.c. The greatest percentage increase was recorded in Ontario where debits were \$10,686 million in the first half of the present year against \$8,924 million one year ago. The increase was 19.8 p.c. or \$1,763 million. The gain in the Prairie Provinces was  $2\frac{1}{2}$  p.c., the total in the first half of this year having been \$3,124 million. Debits in British Columbia reached a high level at \$1,326 million against \$1,168 million, a gain of 13.5 p.c.

Comparison with June 1941--Bank debits in June were \$3,767 million against \$4,241 million in the same month last year, a decline of 11.2 p.c. Declines were shown in each of the five areas. Debits in the Maritime Provinces were \$87.6 million against \$95.6 million one year ago, a recession of 8.4 p.c. Considerable decline was shown in Quebec, the total having been \$976 million against \$1,174 million in June last year. In Ontario, a recession of 7.7 p.c. was recorded, the total having been \$1,889 million against \$2,046 million. A majority of the ten centres in the Prairie Provinces showed declines in June as compared with the same month of last year. The total was \$586 million against \$650 million. Two of the centres in British Columbia showed declines in this comparison, the net result being that debits were \$229 million against \$275 million in June of 1941.

Comparison with May after Seasonal Adjustment--Bank debits were practically maintained in June as compared with the preceding month after seasonal adjustment. The total in June was \$3,767 million against \$3,791 million in May. A gain of 2 p.c. was recorded in the Maritime Provinces. The decline in Montreal and the Province of Quebec was 10.2 p.c. and 8.4 p.c., respectively. Debits in Toronto during June were \$1,009 million against \$915 million in the preceding month, an increase of 11.8 p.c. after seasonal adjustment. The net result for the province was a gain of 2.2 p.c., the total in June having been \$1,889 million. Increases were shown in the Prairie Provinces before and after seasonal adjustment. The total was \$586 million against \$536 million. The increases in Winnipeg and the Prairie Provinces as a whole were 21.7 p.c. and 13.4 p.c., respectively. The recession in Vancouver was 1.1 p.c., while a decline of 6.6 p.c. was shown in the total for the province of British Columbia after seasonal adjustment.

Current and Savings Accounts--Bank debits charged to current accounts were \$3,613 million compared with \$3,645 million in May. The sum of the government and demand deposits was \$1,562 million at the beginning of the month under review compared with \$1,725 million one month before. The current deposits consequently turned over 2.31 times against 2.11 times in the preceding month. Bank debits charged against savings account in June were \$154.5 million, while the notice deposits amounted to \$1,556 million at the beginning of the month. The turnover of the notice deposits was .0993 against .0947 in the preceding month.

Comparison with Other Factors--An index of bank debits after seasonal adjustment was 127.7 in June against 143.8 in the same month last year. In the meantime wholesale prices advanced from 90.0 to 95.8. An index of employment in manufacturing was 200.5 in May against 161 at the first of June last year. Common stock prices on the other hand showed recession, the index dropping from 64.0 to 62.8.

Equation of Exchange--Circulating media in the hands of the public computed for June was \$557.4 million. The amount in the same month of last year was \$428.6 million. During the interval the notes in the hands of the public increased from \$384.2 million to \$507.1 million. The total bank deposits in Canada were \$3,117.6 million at the beginning of June against \$3,045.1 million on the same date of last year. It is estimated that the cash and cheque payments in June amounted to \$5,121 million against \$5,335 million in June last year, while the money supply consisting of deposits and circulating media in the hands of the public rose from \$3,474 million to \$3,675 million.



Table 1. BANK DEBITS TO INDIVIDUAL ACCOUNTS AT THE CLEARING HOUSE CENTRES OF CANADA, JUNE, 1942, WITH COMPARATIVE FIGURES FOR MAY, 1942 AND JUNE, 1941, AND BANK CLEARINGS, JUNE, 1942.

Province and Clearing House Centres	DEBITS TO INDIVIDUAL ACCOUNTS			Bank Clearings
	June, 1942	May, 1942	June, 1941	
	\$	\$	\$	\$
<u>Maritime Provinces</u>				
Halifax .....	47,520,341	55,200,205	54,028,662	17,821,478
Moncton .....	16,018,819	13,688,423	13,748,774	5,073,369
Saint John .....	24,077,405	22,850,501	27,826,457	11,195,324
Total-Maritime Provinces	87,616,565	91,739,129	95,603,893	34,090,171
<u>Quebec -</u>				
Montreal .....	860,203,067	952,875,302	1,080,267,910	517,050,016
Quebec .....	104,529,733	91,690,843	81,465,810	24,237,351
Sherbrooke .....	11,233,589	10,889,590	11,880,955	4,746,023
Total - Quebec .....	975,966,389	1,055,455,735	1,173,614,675	546,033,390
<u>Ontario -</u>				
Brantford .....	16,904,891	18,622,511	16,419,217	4,993,166
Chatham .....	9,706,419	10,936,435	16,542,242	2,987,365
Fort William .....	10,697,301	11,257,350	13,260,463	5,118,454
Hamilton .....	100,752,181	106,497,623	110,696,173	31,141,129
Kingston .....	11,380,007	11,353,703	11,194,813	3,417,113
Kitchener .....	19,848,429	19,803,425	28,811,836	5,710,419
London .....	48,928,846	43,109,096	65,036,097	13,990,833
Ottawa .....	529,143,504	614,210,791	296,121,167	211,907,971
Peterborough .....	12,011,697	12,169,992	12,287,133	3,860,424
St. Catharines .....	19,022,864	23,317,319	21,884,727	6,056,775
Sarnia .....	10,644,740	9,972,441	9,986,214	2,216,576
Sudbury .....	8,559,350	8,555,580	9,423,298	4,771,291
Toronto .....	1,009,068,961	914,733,771	1,357,932,987	620,125,010
Windsor .....	81,888,310	82,359,970	76,233,053	18,811,953
Total - Ontario .....	1,888,557,500	1,886,900,007	2,045,829,420	935,108,479
<u>Prairie Provinces -</u>				
Brandon .....	5,642,640	4,949,256	5,623,147	2,105,310
Calgary .....	77,507,181	71,799,356	99,792,644	29,541,389
Edmonton .....	53,208,013	56,796,097	60,204,333	25,005,040
Lethbridge .....	6,167,377	6,015,844	6,086,049	2,643,616
Medicine Hat .....	3,070,112	3,439,760	4,198,620	1,269,437
Moose Jaw .....	8,994,511	8,196,973	8,499,636	2,984,620
Prince Albert .....	4,611,340	4,039,315	3,980,760	2,257,500
Regina .....	47,685,298	53,091,359	77,190,915	20,706,761
Saskatoon .....	13,689,198	14,223,189	15,062,068	7,038,362
Winnipeg .....	365,055,234	313,919,518	369,686,428	240,611,978
Total-Prairie Provinces...	585,630,904	536,470,667	650,324,600	334,164,013
<u>British Columbia -</u>				
New Westminster .....	11,275,389	11,073,876	9,041,227	4,086,497
Vancouver .....	176,347,634	176,756,624	215,081,389	108,257,270
Victoria .....	41,647,910	32,567,557	51,134,731	8,829,126
Total-British Columbia ...	229,270,933	220,398,057	275,257,347	121,172,893
GRAND TOTAL FOR CANADA ...	3,767,042,291	3,790,963,595	4,240,629,935	1,970,568,946



Table 2. RELATION OF BANK DEBITS TO OTHER FACTORS

ECONOMIC AREAS	CURRENT ACCOUNTS		SAVINGS ACCOUNTS	
	June, 1942	May, 1942	June, 1942	May, 1942
	\$	\$	\$	\$
Maritime Provinces	84,408,623	88,611,571	3,207,942	3,127,558
Quebec	930,364,383	1,005,328,041	45,602,006	50,127,694
Ontario	1,812,007,202	1,821,344,359	76,550,298	65,555,648
Prairie Provinces	570,452,628	523,355,989	13,996,841	13,114,678
British Columbia	215,274,092	206,760,257	15,178,276	13,637,800
Grand Total for Canada	3,612,506,928	3,645,400,217	154,535,363	145,563,378

BANK DEBITS	First half-year of 1942	First half-year of 1941	Increase(+) Decrease(-)	Percentage of 1942 to 1941
	\$	\$	\$	\$
Maritime Provinces	525,328,481	449,532,487 +	75,795,994	116.9
Quebec	5,930,542,825	5,220,758,408 +	709,784,417	113.6
Ontario	10,686,169,574	8,923,542,934 +	1,762,626,640	119.8
Prairie Provinces	3,123,811,999	3,047,813,957 +	75,998,042	102.5
British Columbia	1,325,854,439	1,168,451,841 +	157,402,598	113.5
Grand Total for Canada	21,591,707,318	18,810,099,627 +	2,781,607,691	114.8

SEASONALLY ADJUSTED ECONOMIC INDEXES		1941		1942				
		June	Jan.	Feb.	March	April	May	June
Bank Debits	1935-39=100	143.8	122.8	118.5	165.2	143.6	127.9	127.7
Physical Volume of Business "		137.1	140.6	134.3	136.2	140.4	131.8	
Common Stocks	1935-39=100	64.0	66.8	64.7	62.3	61.1	62.0	62.8
Cost of Living	"	110.5	115.4	115.7	115.9	115.9	116.1	116.7
Employment in								
Manufacturing	1926=100	161.0	200.2	199.0	199.9	200.8	200.5	201.9
Wholesale Prices	"	90.0	94.3	94.6	95.1	95.0	95.2	95.8

EQUATION OF EXCHANGE

Millions of Dollars

Bank of Canada Notes	379.4	496.0	479.1	493.2	508.9	516.7	528.6
Circulation of Bank Notes	83.3	73.2	73.6	74.2	73.6	73.8	74.1
Total Notes in Hands of Public	384.2	450.2	462.5	482.5	480.9	488.5	507.1
Subsidiary Coin in Hands of Public	44.4	47.9	48.4	48.9	49.3	49.8	50.3
Circulating Media in Hands of Public (m)	428.6	498.0	510.9	531.3	530.2	538.3	557.4

DEPOSIT LIABILITIES

Notice	1,695.2	1,669.0	1,720.4	1,664.3	1,549.6	1,537.1	1,555.7
Demand	1,105.2	1,268.5	1,217.1	1,270.7	1,143.9	1,232.2	1,132.7
Dominion Government	152.7	114.2	99.9	187.3	555.9	429.9	371.1
Provincial Government	92.0	52.8	58.9	58.6	55.4	62.9	58.2
Total Deposits (M1)	3,045.1	3,104.5	3,096.4	3,181.0	3,304.9	3,262.2	3,117.6
Ratio of Bank Debits to							
Deposits P.C.	139.3	104.1	93.4	131.3	113.0	116.2	120.8
Bank Debits + 12½ p.c. (M1V1)	4,771	3,635	3,254	4,699	4,200	4,265	4,238
Velocity of Bank Deposits (V1)	1.57	1.17	1.05	1.48	1.27	1.31	1.36
Bank Debits less 5 larger centres	922	764	694	1,087	776	818	827
Cash Payments (MV)	564	679	625	916	784	822	883
Cash & Cheque Payments (M1V1 + MV)	5,335	4,313	3,879	5,615	4,984	5,086	5,121
Index of cash and cheque payments	155.0	125.3	112.7	163.1	144.8	147.8	148.8
Money Supply (M1 + M)	3,474	3,603	3,607	3,712	3,835	3,801	3,675



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