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CHEQUES CASHED

FEBRUARY, 1946



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WASHINGTON



CHEQUES CASHED AGAINST INDIVIDUAL ACCOUNTS, FEBRUARY, 1946

Cheques cashed against individual accounts showed an increase of 20.4 p.c. in February over the same month of 1945. The advance in economic activity was reflected in the increase in bank debits from \$4,434 million in February, 1945 to \$5,336 million in the month under review. Increases were shown in each of the five economic areas, the greatest percentage advance having been shown in British Columbia.

Each of the three clearing centres in the Maritime Provinces recorded gains in this comparison. The increase in the aggregate for the area was 7.6 p.c. Debits in Halifax rose from \$52 million to nearly \$56 million.

The increase in Montreal was about 21 p.c., the total having been \$1,447 million against \$1,194 million. Increases were shown in Quebec and Sherbrooke, the gain in the provincial total having been 22.6 p.c. Debits were \$1,608 million in February this year compared with \$1,311 million in the same month of last year.

Eleven of the fourteen centres in Ontario recorded increases over the same month of last year. A lower level was shown in Hamilton, Ottawa and Windsor. The gain in Toronto was 47 p.c., the total in February having been \$1,838 million. The provincial total rose from \$2,049 million to \$2,531 million, an increase of no less than 23.6 p.c.

Eight of the ten centres in the Prairie Provinces recorded advances in February. The totals for Regina and Moose Jaw were at somewhat lower levels. The advance in Winnipeg was nearly \$24 million to \$385 million. The total for Calgary advanced from \$103 million to nearly \$113 million. The total for the area was \$697 million compared with \$684 million in the same month last year, a gain of 1.8 p.c.

Marked gains were shown in each of the three centres in British Columbia. The total rose 35.7 p.c. to \$393 million. The increase in Vancouver was nearly 40 p.c., the total in February having been \$328 million.

Comparison with the First Two Months of 1945:

Cheques cashed in the first two months of 1946 amounted to \$11,327 million compared with \$9,504 million in the same period of 1945, an increase of 19.2 p.c. A gain of \$1,823 million represents an important increase in financial transactions. The greatest percentage increase was shown in British Columbia where the total rose 42.8 p.c. Cheques cashed amounted to \$853 million compared with \$597 million.

The greatest absolute increase was shown in Ontario where the total rose from \$4,275 million to \$5,386 million. The increase was no less than \$1,111 million or 26 p.c. The advance in the Maritime Provinces was 9.1 p.c., the total having risen \$19 million to \$229.5 million. The Quebec total was \$3,263 million, a gain of nearly 14 p.c. The increase in the Prairie Provinces was of relatively minor proportions, the total in the first two months of 1946 having been \$1,596 million against \$1,557 million.

Cheques cashed in Canada were greater in the first two months of the present year than in any similar period since the statistics were first collected in 1924. The previous maximum was established in 1945 when the standing was \$9,504 million, the level this year, as stated above, having been more than 19 p.c. greater at \$11,327 million. The total in 1929, the culmination of the last major cycle, was \$7,523 million. The level of 1929 was greater than in any year until 1943 and three consecutive increases have been shown since that time. A new high record was established in the first two months of the present year in each of the five economic areas. The standing in the Maritime Provinces has exceeded that of 1929 during the last few years from 1940 to the present. The debits in Quebec were 14 p.c. greater in the first two months of the present year than in the same period of 1945. The standing in 1929 has been exceeded in the early months of 1945 and 1946. In Ontario the maximum in bank debits amounted to \$5,386 million during the first two months of the present year. The high standing of 1929 was exceeded in 1943 and further advances have been recorded year by year since that time.

Cheques cashed in the Prairie Provinces showed a moderate gain in the first two months over the same period of 1945, recording a new maximum for the area. The preceding high point was reached in 1944 when the total stood at \$1,560 million. A slight recession was shown in 1945, the increase in the present year having been 2.5 p.c.

In British Columbia the total for 1929 of \$486 million was exceeded for the first time in 1944. Further advances have been shown in the last two years, the increase in 1946 having been exceptional.

Turnover of Current and Savings Accounts:

The turnover of current accounts in February was 1.78 against 1.85 in January. The standing in February last year was 1.68, increases in the meantime having been shown both in the sum of the current deposits as well as in cheques cashed. The turnover in notice accounts receded from .101 in January to .088. The standing in February of last year was .075. In the meantime, notice deposits at the beginning of the month increased from \$2,524 million in February last year to \$2,963 million.

Relation of Cheques Cashed to Other Factors:

The index of bank debits on the base of 1935-1939 with seasonal adjustment was 218.7 in February against 181.7 in the same month of last year. A decline of about 4 p.c. was shown from the preceding month. Recent indexes, indicating the volume of business, showed considerable decline from the same month of last year. The downward trend of the physical volume of business continued in the latest available month. The index of employment in manufacturing on the base of 1926 was 192.6 at the beginning of January compared with 227.7 on the same date of last year. Wholesale prices showed moderate gain during the twelve months while common stock prices recorded a marked advance.

Money Supply:

The money supply, consisting of coin, notes and deposits subject to cheque, showed an increase of about 16 p.c. from January, 1945 to the same month of this year. The total was estimated at \$7,059 million against \$6,075 million. Minor increase was shown in the estimate of subsidiary coin in the hands of the public obtained by deducting the holdings of the chartered banks and the Bank of Canada from the amount of coin outstanding according to the statement of the Mint. The notes in the hands of the public rose about 6.3 p.c. to \$966 million in January.

TABLE 1. - CHEQUES CASHED AGAINST INDIVIDUAL ACCOUNTS AT THE CLEARING HOUSE CENTRES
IN CANADA, FEBRUARY, 1946 WITH COMPARATIVE FIGURES FOR FEBRUARY, 1945
AND JANUARY, 1946.

CHEQUES CASHED AGAINST INDIVIDUAL ACCOUNTS

| Province and Clearing House Centres | February 1946 \$ | January 1946 \$ | February 1945 \$ |
|--|------------------------|-----------------------|------------------------|
| Maritime Provinces | | | |
| Halifax | 55,837,816 | 66,092,475 | 51,996,834 |
| Moncton | 19,590,043 | 20,507,251 | 17,791,593 |
| Saint John | 31,378,615 | 36,141,665 | 29,473,481 |
| Total - Maritime Provinces . | 106,806,474 | 122,741,391 | 99,261,908 |
| Quebec - | | | |
| Montreal | 1,447,443,633 | 1,513,253,735 | 1,193,819,877 |
| Quebec | 147,540,926 | 128,061,796 | 106,399,487 |
| Sherbrooke | 12,608,643 | 13,781,965 | 11,200,130 |
| Total - Quebec | 1,607,593,202 | 1,655,097,496 | 1,311,419,494 |
| Ontario - | | | |
| Brantford | 19,404,695 | 20,506,351 | 17,380,284 |
| Chatham | 15,079,399 | 16,676,387 | 14,982,779 |
| Port William | 12,901,740 | 13,147,749 | 11,614,925 |
| Hamilton | 104,774,148 | 135,295,836 | 113,713,766 |
| Kingston | 13,544,959 | 17,920,763 | 11,071,454 |
| Kitchener | 29,954,857 | 33,281,002 | 20,804,417 |
| London | 59,716,318 | 75,261,785 | 44,130,149 |
| Ottawa | 312,765,907 | 454,028,904 | 444,600,576 |
| Peterborough | 14,012,427 | 13,834,791 | 11,280,595 |
| St. Catharines | 17,268,698 | 18,423,435 | 17,070,415 |
| Sarnia | 15,891,432 | 19,777,480 | 15,085,599 |
| Sudbury | 10,066,727 | 10,922,899 | 7,909,945 |
| Toronto | 1,837,700,082 | 1,960,220,986 | 1,249,043,688 |
| Windsor | 68,274,970 | 64,876,505 | 69,931,376 |
| Total - Ontario | 2,531,356,359 | 2,854,174,873 | 2,048,619,968 |
| Prairie Provinces - | | | |
| Brandon | 6,348,599 | 8,056,832 | 5,681,031 |
| Calgary | 112,634,282 | 130,438,522 | 103,460,360 |
| Edmonton | 88,776,984 | 94,326,691 | 88,218,957 |
| Lethbridge | 9,983,754 | 10,444,194 | 7,566,876 |
| Medicine Hat | 4,725,149 | 5,276,431 | 4,231,193 |
| Moose Jaw | 11,322,699 | 14,978,962 | 12,532,551 |
| Prince Albert | 7,284,714 | 7,519,847 | 6,028,770 |
| Regina | 49,241,921 | 76,800,248 | 75,730,772 |
| Saskatoon | 21,458,810 | 25,277,588 | 19,452,023 |
| Winnipeg | 385,134,828 | 525,824,003 | 361,434,433 |
| Total - Prairie Provinces .. | 696,911,740 | 898,943,318 | 684,336,966 |
| British Columbia - | | | |
| New Westminster | 15,050,969 | 18,481,995 | 13,481,697 |
| Vancouver | 328,009,228 | 383,497,414 | 234,913,568 |
| Victoria | 50,191,254 | 57,719,196 | 41,476,985 |
| Total - British Columbia ... | 393,251,451 | 459,698,605 | 289,872,250 |
| GRAND TOTAL FOR CANADA | 5,335,919,226 | 5,990,655,683 | 4,433,510,586 |

TABLE 2 - CHEQUES CASHED IN ECONOMIC AREAS-SHOWING TYPE OF ACCOUNT & CUMULATIVE TOTALS

| Type of Account | CURRENT ACCOUNTS | | SAVINGS ACCOUNTS | |
|------------------------|--------------------|--------------------|------------------------------|--------------------------------|
| | February, 1946 | January, 1946 | February, 1946 | January, 1946 |
| | \$ | \$ | \$ | \$ |
| Maritime Provinces ... | 101,218,721 | 116,425,716 | 5,587,753 | 6,315,675 |
| Quebec | 1,532,389,770 | 1,572,836,036 | 75,203,432 | 82,261,460 |
| Ontario | 2,421,597,308 | 2,729,033,040 | 109,759,051 | 125,141,833 |
| Prairie Provinces | 663,278,022 | 861,832,068 | 33,633,718 | 37,111,250 |
| British Columbia | 356,496,578 | 421,744,140 | 36,754,873 | 37,954,465 |
| GRAND TOTAL FOR CANADA | 5,074,980,399 | 5,701,871,000 | 260,938,827 | 288,784,683 |
| Cumulative Totals | Two Months 1946 | Two Months 1945 | Increase (+) Decrease (-) | Percentage of 1946 to 1945. |
| Maritime Provinces ... | 229,547,865 | 210,457,872 | + 19,089,993 | 109.1 |
| Quebec | 3,262,690,698 | 2,864,454,556 | + 398,236,142 | 113.9 |
| Ontario | 5,385,531,232 | 4,274,663,500 | +1,110,867,732 | 126.0 |
| Prairie Provinces | 1,595,855,058 | 1,556,769,454 | + 39,085,604 | 102.5 |
| British Columbia | 852,950,056 | 597,159,968 | + 255,790,088 | 142.8 |
| GRAND TOTAL FOR CANADA | 11,326,574,909 | 9,503,505,350 | +1,823,069,559 | 119.2 |

TABLE 3 - RELATION OF CHEQUES CASHED TO OTHER FACTORS

| Seasonally Adjusted Economic Indexes | 1945 | | | | | 1946 |
|---|---------|----------|---------|----------|----------|---------|
| | January | February | October | November | December | January |
| Bank Debits, 1935-39=100 | 192.7 | 181.7 | 191.5 | 283.5 | 206.1 | 227.8 |
| Physical Volume of Business .. | 228.8 | 216.7 | 194.5 | 189.9 | 193.0 | 195.4 |
| Common Stocks, 1935-39=100 .. | 89.4 | 92.9 | 104.2 | 107.2 | 112.5 | 123.5 |
| Cost of Living, 1935-39=100 .. | 118.6 | 118.6 | 119.7 | 119.9 | 120.1 | 119.9 |
| Employment in manufacturing 1926=100 | 227.7 | 223.7 | 182.4 | 184.5 | 186.2 | 192.6 |
| Wholesale Prices, 1926=100 .. | 102.8 | 102.9 | 102.9 | 103.1 | 103.5 | 103.9 |

TABLE 4 - EQUATION OF EXCHANGE - Millions of Dollars

| | 1945 | | | | | 1946 |
|---|---------|----------|---------|----------|----------|---------|
| | January | February | October | November | December | January |
| Circulating Media | | | | | | |
| Bank Notes in Circulation - | | | | | | |
| Bank of Canada | 1,020.6 | 1,028.6 | 1,136.6 | 1,113.8 | 1,129.1 | 1,088.1 |
| Chartered Banks | 32.0 | 31.3 | 26.7 | 26.1 | 25.7 | 25.2 |
| Notes in hands of public .. | 908.7 | 928.3 | 1,007.4 | 998.6 | 992.0 | 966.1 |
| Subsidiary coin in hands of public | 58.1 | 58.5 | 62.2 | 63.1 | 63.0 | 61.2 |
| Total Circulating Media in hands of public (M) | 966.8 | 986.9 | 1,069.4 | 1,061.6 | 1,055.0 | 1,027.3 |
| Deposits | | | | | | |
| Deposits with Chartered Banks - | | | | | | |
| Dominion Government | 609.2 | 420.1 | 155.9 | 1,053.1 | 922.1 | 795.6 |
| Provincial Government | 100.0 | 110.9 | 128.9 | 97.6 | 91.1 | 103.6 |
| Demand | 1,816.1 | 1,859.4 | 2,297.0 | 2,046.4 | 2,062.9 | 1,948.5 |
| Notice | 2,524.0 | 2,630.6 | 2,991.6 | 2,816.2 | 2,865.3 | 2,962.9 |
| Total | 5,049.3 | 5,021.0 | 5,573.4 | 6,013.2 | 5,941.4 | 5,810.5 |
| Deposits with Bank of Canada | | | | | | |
| Dominion Government | 23.2 | 27.9 | 51.0 | 159.1 | 153.3 | 187.2 |
| Other | 36.0 | 37.2 | 32.4 | 27.4 | 29.8 | 34.2 |
| Total | 59.2 | 65.1 | 83.4 | 186.5 | 183.1 | 221.4 |
| Total Deposits (M1) | 5,108.4 | 5,086.1 | 5,656.8 | 6,199.7 | 6,124.5 | 6,031.8 |
| Money Supply (M + M1) | 6,075.2 | 6,073.0 | 6,726.4 | 7,261.3 | 7,179.5 | 7,059.1 |

TABLE 4 - EQUATION OF EXCHANGE - Millions of Dollars - (Concluded)

| | 1945 | | | | | 1946 |
|--|---------|----------|---------|----------|----------|---------|
| | January | February | October | November | December | January |
| Cash and Cheque Payments | | | | | | |
| Bank Debits | 5,070.0 | 4,433.5 | 5,749.2 | 8,580.7 | 6,084.8 | 5,990.7 |
| Bank Debits, less | | | | | | |
| 5 large centres | 1,130.5 | 949.7 | 1,196.7 | 1,580.3 | 1,203.2 | 1,153.8 |
| Estimated Total cheque payments (1) (M ₁ V ₁) | 5,807.5 | 5,108.2 | 6,648.1 | 10,076.9 | 7,227.8 | 7,178.3 |
| Velocity of deposits (V ₁) | 1.13 | 1.00 | 1.21 | 1.70 | 1.17 | 1.18 |
| Cash Payments (2) (MV) ... | 1,272.3 | 1,149.7 | 1,508.1 | 2,102.0 | 1,437.9 | 1,412.5 |
| Cash and Cheque Payments (MV + M ₁ V ₁) | 7,084.8 | 6,257.9 | 8,156.2 | 12,179.0 | 8,665.7 | 8,590.8 |

(1) Including allowances of 12½ p.c. for cheques cashed outside of clearing centres and estimated debits against accounts (except accounts of other banks) with Bank of Canada.

(2) V. Assumed to be 116.5 p.c. of V₁.

TABLE 5 - CHEQUES CASHED IN CLEARING CENTRES FIRST TWO MONTHS - 1924-1946

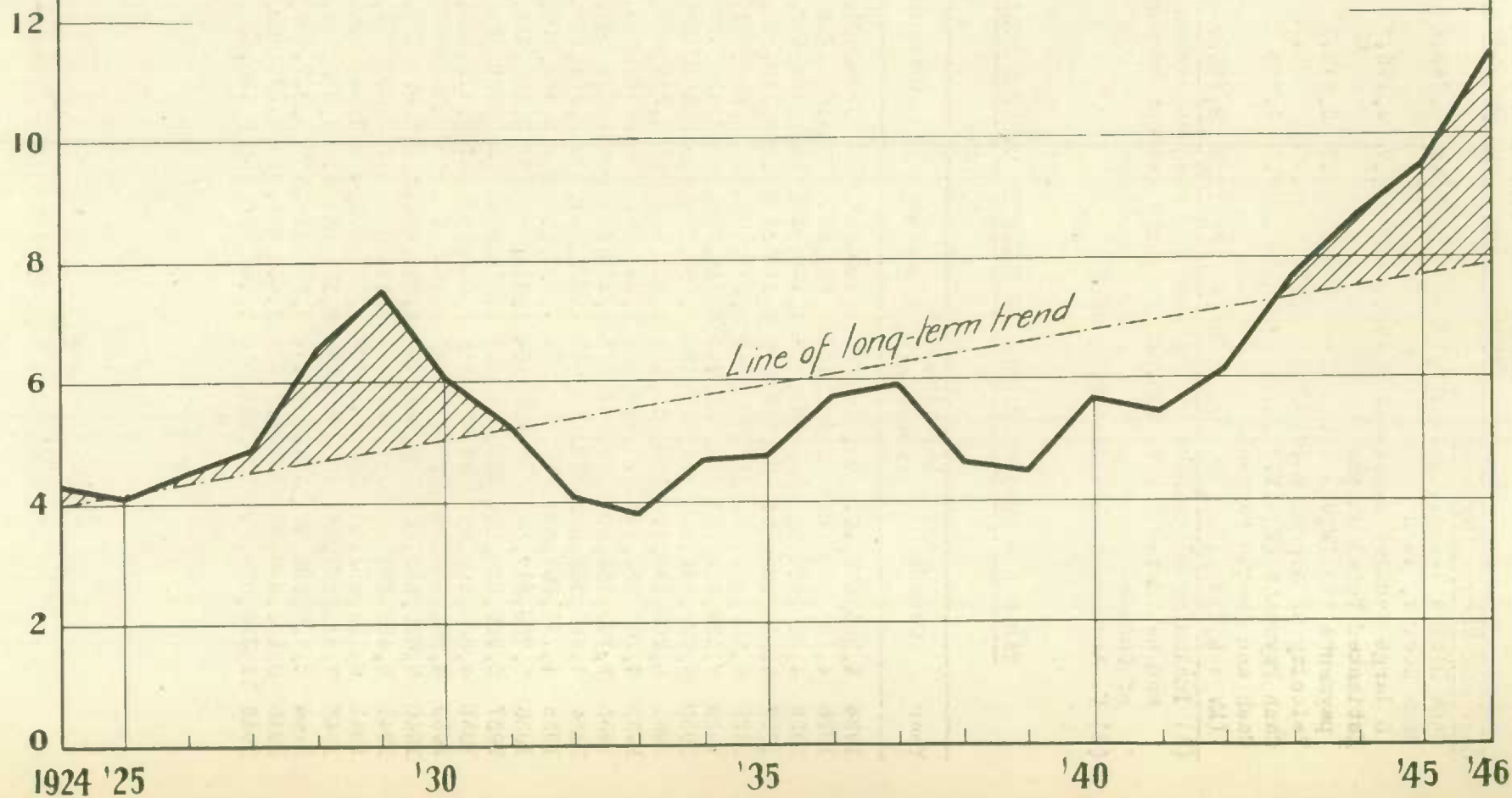
DOLLARS

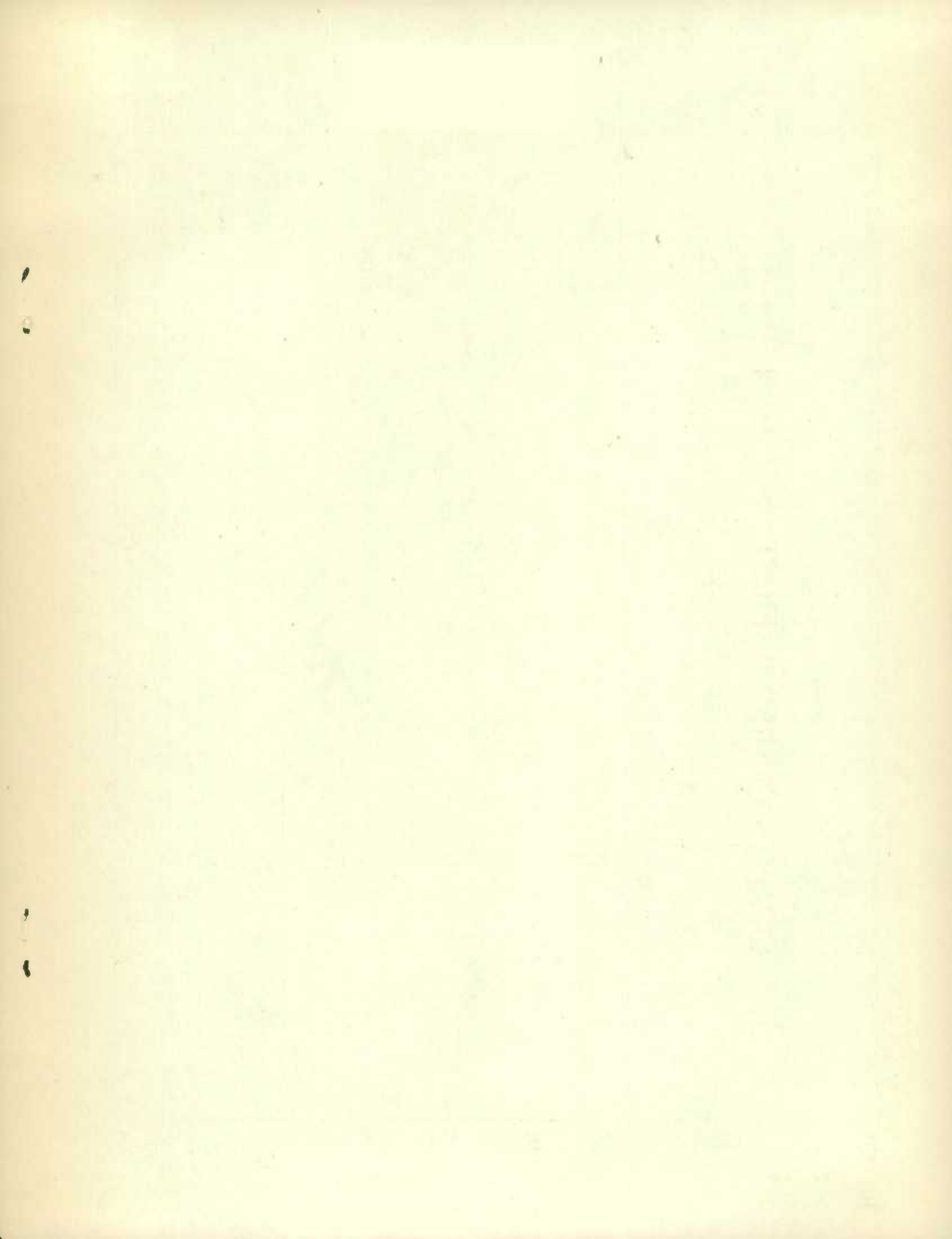
| Year | Canada | Maritime Provinces | Quebec | Ontario | Prairie Provinces | British Columbia |
|------|----------------|--------------------|---------------|---------------|-------------------|------------------|
| 1924 | 4,264,675,190 | 98,504,481 | 1,300,536,596 | 1,804,684,977 | 781,674,967 | 279,274,169 |
| 1925 | 4,145,078,086 | 82,145,442 | 1,309,691,469 | 1,643,712,596 | 825,917,183 | 283,611,396 |
| 1926 | 4,500,430,357 | 103,368,573 | 1,448,836,713 | 1,783,877,463 | 851,858,361 | 312,489,247 |
| 1927 | 4,911,907,573 | 92,734,676 | 1,637,337,642 | 2,140,130,085 | 742,260,205 | 299,444,965 |
| 1928 | 6,501,096,452 | 103,753,247 | 2,277,132,621 | 2,699,031,201 | 1,016,300,439 | 404,878,944 |
| 1929 | 7,522,611,061 | 124,622,761 | 2,714,748,505 | 3,126,617,116 | 1,070,759,345 | 485,863,334 |
| 1930 | 6,026,446,039 | 111,977,480 | 1,997,249,313 | 2,500,398,361 | 1,011,753,636 | 405,067,249 |
| 1931 | 5,203,238,131 | 105,215,902 | 1,832,573,748 | 2,234,540,365 | 726,647,127 | 304,260,989 |
| 1932 | 4,061,080,747 | 87,995,695 | 1,242,211,209 | 1,784,386,515 | 688,419,938 | 258,067,390 |
| 1933 | 3,799,152,594 | 72,744,353 | 1,168,966,868 | 1,715,541,636 | 1,050,351,182 | 221,193,643 |
| 1934 | 4,686,361,909 | 78,850,547 | 1,392,044,378 | 2,261,120,293 | 693,337,615 | 261,009,076 |
| 1935 | 4,771,091,303 | 80,367,664 | 1,353,895,801 | 2,352,986,173 | 733,293,075 | 250,548,590 |
| 1936 | 5,759,517,563 | 94,186,154 | 1,694,826,237 | 2,570,612,503 | 1,062,798,735 | 337,093,934 |
| 1937 | 5,959,289,037 | 111,714,831 | 1,913,844,022 | 2,888,731,050 | 688,760,293 | 356,238,835 |
| 1938 | 4,620,595,297 | 97,534,116 | 1,449,548,401 | 2,219,890,908 | 558,358,307 | 295,263,565 |
| 1939 | 4,561,885,246 | 93,677,151 | 1,468,758,448 | 2,091,663,864 | 580,643,461 | 327,142,322 |
| 1940 | 5,629,552,067 | 138,842,154 | 1,756,871,314 | 2,451,499,194 | 919,825,298 | 362,514,107 |
| 1941 | 5,481,286,609 | 132,492,082 | 1,494,777,712 | 2,680,375,631 | 823,765,133 | 349,876,051 |
| 1942 | 6,123,652,426 | 154,845,922 | 1,765,592,470 | 2,861,724,292 | 935,179,358 | 406,310,384 |
| 1943 | 7,611,471,481 | 161,551,993 | 2,331,037,927 | 3,626,646,476 | 1,032,126,433 | 460,108,652 |
| 1944 | 8,720,506,417 | 184,352,331 | 2,553,226,537 | 3,827,443,372 | 1,559,693,527 | 595,790,650 |
| 1945 | 9,503,505,350 | 210,457,872 | 2,864,454,556 | 4,274,663,500 | 1,556,760,454 | 597,159,968 |
| 1946 | 11,326,574,909 | 229,547,865 | 3,262,690,698 | 5,385,531,232 | 1,595,855,058 | 852,950,056 |

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CHEQUES CASHED IN FIRST TWO MONTHS
1924-1946





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