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CHEQUES CASHED

AND

MONEY SUPPLY

MAY, 1946



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CHEQUES CASHED AGAINST INDIVIDUAL ACCOUNTS, MAY, 1946

Cheques cashed against individual accounts showed a decline of 11.3 p.c. in May from the same month of last year. The total in May was \$6,116 million compared with \$6,894 million in the same month one year ago. The high point reached in May, 1945 reflected the influence of heavy payments on the eighth Victory Loan.

Speculative factors continued at a high level, the index of common stock prices having been 126.1 in the last week in May compared with 97.2 in the same month of last year, and 125.1 in April of this year. Wholesale prices and the cost of living showed moderate increases, while the index of the physical volume of business in the latest available month was at a somewhat lower level than in the same month of last year, but higher than in the preceding month. The level of employment in manufacturing plants was at a somewhat lower level than in the same period of 1945.

Comparison with May, 1945:

Three economic areas Quebec, Ontario and the Prairie Provinces, recorded declines in cheques cashed from May, 1945.

In the Maritime Provinces, Halifax and Moncton showed increases over last year while debits in Saint John were at a lower level. The total for the Maritimes rose from \$165.2 million to \$176.0 million, a gain of 6.6 per cent. The decline in the Province of Quebec was 2.9 p.c., recessions having been shown in each of the three centres. Cheques cashed in Montreal amounted to \$1,730 million compared with \$1,765 million a year ago. The total for the province was \$1,885 million in the month under review, against \$1,941 million in May, 1945.

The greatest decline was shown in Ontario where cheques cashed were 20.1 p.c. lower than in the same month last year. Only four of the fourteen centres showed increases. Considerable declines were shown in Ottawa and Toronto, the drop having been 44.6 and 13.1 p.c. respectively. As mentioned above the amount for May, 1945 included the transactions connected with the eighth Victory Loan, the figures for that month having been abnormally great. The four centres in Ontario showing increases were Chatham, Kingston, Peterborough and Sudbury. The total for the province was \$2,544 million, compared with \$3,183 in the same month last year.

The Prairie Provinces recorded a decline of 13.0 p.c. The amount of cheques cashed in the month under review was \$1,011 million compared with \$1,162 million in May, 1945. Four of the ten centres recorded gains. Considerable recessions were shown in Calgary, Edmonton, Regina and Winnipeg, the total in the latter having been \$626 million against \$707 million in May last year. British Columbia recorded a percentage increase of 12.8. Advances were shown in each of the three clearing centres. The total for Vancouver moved up from \$364 million to \$380 million.

Comparison with the First Five Months of 1945:

Cheques cashed in Canada during the first five months of 1946 amounted to \$28,895 million compared with \$26,582 million in 1945, an increase of 8.7 p.c. Gains were shown in four of the five economic areas, a minor recession having been recorded in the Prairie Provinces. The increase of \$2,313 million reflects the growing importance of speculative activity which is assisting to raise the levels of financial transactions to record heights.

The advance in the Maritime Provinces was 7.1 p.c., the total for the five months having been \$647 million. The advance in Quebec amounted to 9.6 p.c. from \$7,359 million in 1945 to \$8,396 million in the first five months of this year.

The greatest absolute increase was shown in Ontario where the total rose from \$12,331 million to \$13,345 million. The gain was no less than \$1,014 million or 8.2 p.c.

The total for the Prairie Provinces showed a recession of 1.0 p.c. from the months of 1945. The total in the first five months of this year was \$4,274 million against \$4,318 million a year ago, a loss of \$44 million or 1 p.c. The greatest percentage increase was shown in British Columbia where the total rose from \$1,670 million in 1945 to \$2,233 million, a gain of 33.7 p.c.

Long Term Comparison:

Cheques cashed in Canada were greater in the first five months of the present year than in any similar period since statistics were first collected in 1924. The increase over 1929, the culmination of the last major economic cycle, was slightly over 50 p.c.

The record high level of \$19,256 million established in 1929 held until 1943 when the amount of cheques rose to over \$21 billion. Since then three consecutive increases have been shown. New high levels were recorded in each of the five economic areas except the Prairie Provinces.

The standing in the Maritime Provinces has exceeded that of 1929, from 1940 to the present. In Quebec the standing of 1929 has been exceeded in the first five months of 1944, 1945 and 1946. In Ontario the amount of cheques cashed has exceeded the high standing of 1929 since the year 1942 and further advances have been recorded year by year since that time.

The Prairie Provinces have recorded decreases in 1945 and 1946 from the previous high point, established in 1944. The level in 1946 was below that of 1945, the decrease having been 1 p.c., while the increase over the standing of 1929 was 44.5 p.c., a marked advance. In British Columbia the total for 1929 was exceeded for the first time in 1943. Further advances have been shown year by year since then, the increase in 1946 having broken all records for that province.

Turnover of Current and Savings Accounts:

Cheques cashed against current accounts in May amounted to \$5,756 million. The Dominion and Provincial balances and demand deposits totalled \$2,660 million at the beginning of the month. Thus the turnover was 2.16. In the same month of last year the turnover was 2.62 the decrease being accounted for by the abnormal amount of financial transactions occurring in connection with the Victory Loan last year. Cheques cashed against notice deposits amounted to \$360 million in May. Notice accounts reached a new high level of \$3,238 million. The turnover of such deposits was .111 compared with .151 in the same month of last year.

Money Supply:

The money supply consisting of coin, notes and deposits subject to cheque, showed a gain of about 14 p.c. from the end of April last year. The total at the end of April, 1946 was \$7,190 million, an increase of 1.5 p.c. over the end of the preceding month when it was \$7,084 million. Total deposits, the main component of money supply in Canada, rose from \$5,300 million in April last year to \$6,144 million in the period under review.

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

CHEQUES CASHED AGAINST INDIVIDUAL ACCOUNTS

Province and Clearing House Centres	May 1 9 4 6 \$	April 1 9 4 6 \$	May 1 9 4 5 \$
<u>Maritime Provinces -</u>			
Halifax	112,970,039	59,539,151	88,006,262
Moncton	24,231,717	20,984,560	22,254,361
Saint John	38,831,478	37,307,552	54,904,394
Total - Maritime Provinces .	176,033,234	117,831,263	165,165,017
<u>Quebec -</u>			
Montreal	1,730,373,756	1,465,463,805	1,764,847,641
Quebec	137,421,188	129,047,276	157,798,572
Sherbrooke	16,939,326	15,842,084	17,997,639
Total - Quebec	1,884,734,270	1,610,353,165	1,940,643,852
<u>Ontario -</u>			
Brantford	24,490,572	22,552,161	27,671,986
Chatham	14,983,188	12,445,327	14,741,506
Fort William	14,628,735	13,267,106	17,257,571
Hamilton	125,334,596	110,828,892	141,762,097
Kingston	17,413,846	16,599,930	17,382,215
Kitchener	33,280,359	27,703,381	41,571,851
London	74,350,043	71,671,565	86,173,139
Ottawa	411,328,120	657,203,572	742,217,726
Peterborough	17,419,349	16,648,231	15,637,433
St. Catharines	21,421,793	19,589,045	27,983,489
Sarnia	18,505,802	16,722,956	23,838,423
Sudbury	13,039,973	11,520,557	11,679,877
Toronto	1,671,916,423	1,668,097,706	1,923,570,499
Windsor	85,831,158	76,914,858	91,014,644
Total - Ontario	2,543,943,957	2,741,765,287	3,182,502,456
<u>Prairie Provinces -</u>			
Brandon	8,889,360	7,767,099	9,416,812
Calgary	124,600,098	111,349,437	143,523,487
Edmonton	99,759,059	93,445,413	113,991,730
Lethbridge	11,877,460	12,240,005	9,818,702
Medicine Hat	5,868,676	6,077,789	5,666,702
Moose Jaw	14,582,931	15,921,802	14,762,594
Prince Albert	8,473,166	8,741,071	7,279,952
Regina	80,699,739	83,942,482	125,092,288
Saskatoon	30,259,190	29,709,379	25,724,179
Winnipeg	625,935,914	492,095,429	707,160,644
Total - Prairie Provinces ..	1,010,945,593	861,289,906	1,162,437,090
<u>British Columbia -</u>			
New Westminster	19,589,702	18,225,126	17,820,869
Vancouver	379,903,572	364,191,491	364,102,252
Victoria	100,492,546	61,003,543	61,320,064
Total - British Columbia ...	499,985,820	443,420,160	443,243,185
GRAND TOTAL FOR CANADA	6,115,642,874	5,774,659,781	6,893,991,600

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

Type of Account	CURRENT ACCOUNTS		SAVINGS ACCOUNTS	
	May, 1946	April, 1946	May, 1946	April, 1946
	\$	\$	\$	\$
Maritime Provinces ...	167,607,395	110,685,159	8,425,839	7,146,104
Quebec	1,779,872,959	1,522,284,003	104,861,311	88,069,162
Ontario	2,393,094,800	2,604,039,089	150,849,157	137,726,198
Prairie Provinces	962,097,829	810,870,930	48,847,764	50,418,976
British Columbia	453,022,444	398,619,420	46,963,376	44,800,740
GRAND TOTAL FOR CANADA	5,755,695,427	5,446,498,601	359,947,447	328,161,180
Cumulative Totals	First Five	First Five	Increase (+)	Percentage of
	Months of 1946	Months of 1945	Decrease (-)	1946 to 1945.
Maritime Provinces ...	647,075,804	603,979,289	+ 43,096,515	107.1
Quebec	8,396,107,795	7,658,763,903	+ 737,343,892	109.6
Ontario	13,345,118,752	12,330,828,015	+1,014,290,737	108.2
Prairie Provinces	4,273,716,192	4,318,138,592	- 44,422,400	99.0
British Columbia	2,233,029,960	1,669,849,803	+ 563,180,157	133.7
GRAND TOTAL FOR CANADA	28,895,048,503	26,581,559,602	+2,313,488,901	108.7

TABLE 3 - RELATION OF CHEQUES CASHED TO OTHER FACTORS

Seasonally Adjusted	1 9 4 5			1 9 4 6			
	April	May	Dec.	Jan.	Feb.	March	April
Economic Indexes							
Bank Debits, 1935-39=100 ...	186.7	232.6	206.1	227.8	218.7	224.6	222.1
Physical Volume of Business.	252.2	218.6	193.0	195.4	181.2	191.4	192.8
Common Stocks, 1935-39=100..	94.2	97.2	112.5	123.5	121.8	119.2	125.1
Cost of Living, 1935-39=100..	118.7	119.0	120.1	119.9	119.9	120.1	120.8
Employment in Manufacturing							
1926=100	214.4	208.7	186.2	192.6	190.2	186.5	186.3
Wholesale Prices, 1926=100 ..	103.3	103.6	103.9	104.6	105.2	105.6	108.2

TABLE 4 - MONEY SUPPLY - Millions of Dollars

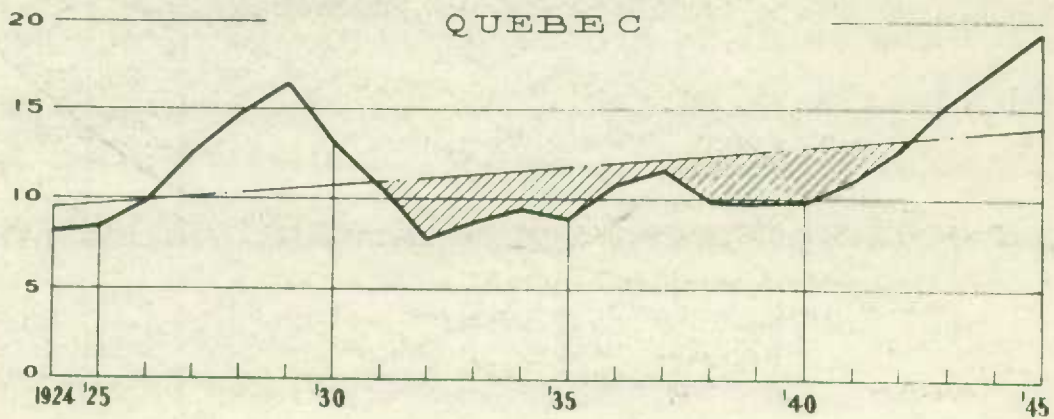
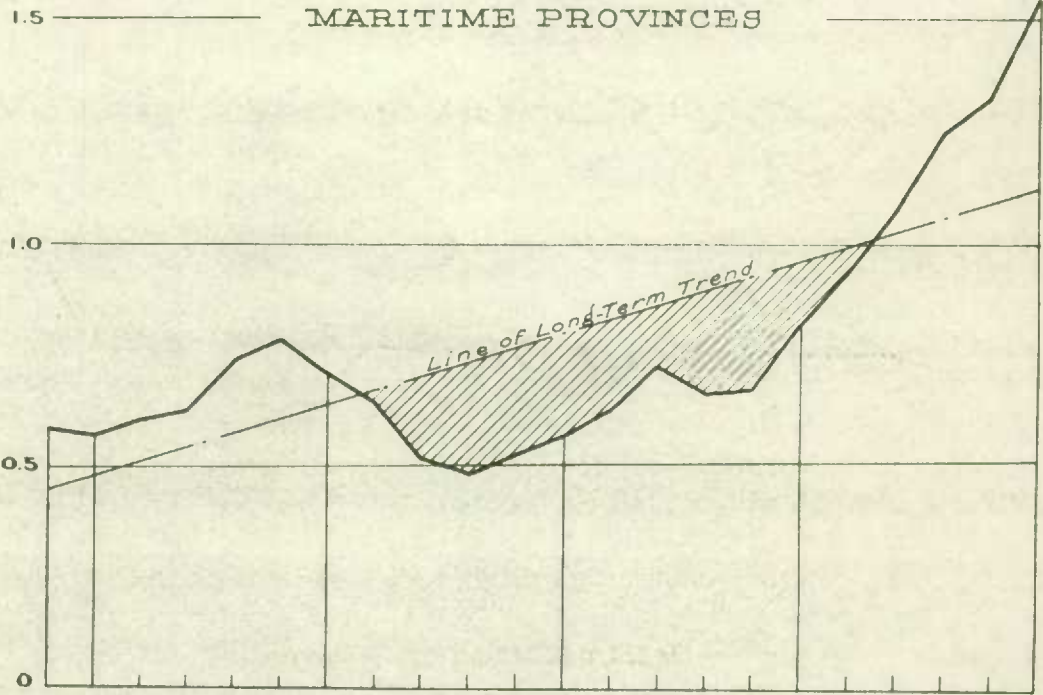
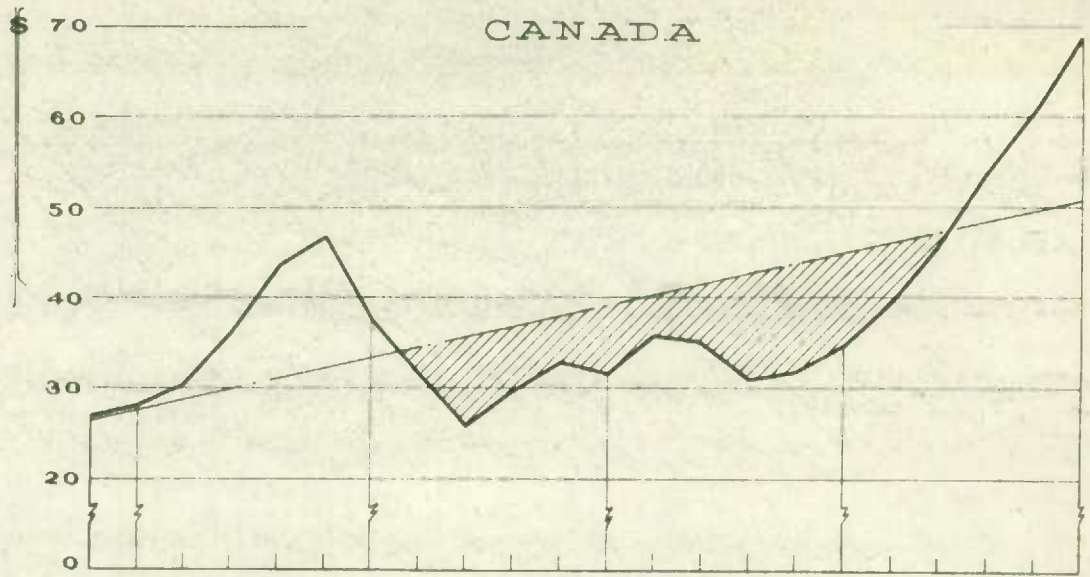
	1 9 4 5			1 9 4 6			
	April	May	Dec.	Jan.	Feb.	March	April
<u>Circulating Media</u>							
Bank Notes in Circulation -							
Bank of Canada	1,062.3	1,055.8	1,129.1	1,088.1	1,086.7	1,102.2	1,114.4
Chartered Banks	30.0	29.4	25.7	25.2	24.8	24.5	24.1
Notes in hands of public ..	952.6	937.2	992.0	966.1	976.9	1,002.0	984.0
Subsidiary coin in hands of public	59.7	59.8	63.0	61.2	61.5	62.8	62.0
Total Circulating Media in hands of public (M)	1,012.3	997.0	1,055.0	1,027.3	1,038.4	1,064.7	1,046.0
<u>Deposits</u>							
Deposits with Chartered Banks							
Dominion Government	219.6	1,168.1	922.1	795.5	650.7	517.6	359.6
Provincial Government	142.1	92.4	91.1	103.6	105.9	108.1	122.3
Demand	2,113.3	1,792.4	2,062.9	1,948.5	1,995.4	1,985.3	2,178.5
Notice	2,734.7	2,562.9	2,865.3	2,962.9	3,078.0	3,170.2	3,237.5
Total	5,209.7	5,615.8	5,941.4	5,810.5	5,829.9	5,781.2	5,897.9
Deposits with Bank of Canada							
Dominion Government	39.5	33.6	153.3	187.2	201.7	149.2	185.3
Other	50.8	32.4	29.8	34.2	56.4	89.1	62.7
Total	90.3	66.0	183.1	221.4	258.1	238.3	248.0
Total Deposits (M1)	5,300.1	5,681.9	6,124.5	6,031.8	6,088.0	6,019.5	6,143.9
Money Supply (M + M1)	6,312.3	6,678.9	7,179.5	7,059.1	7,126.4	7,034.2	7,189.8

TABLE 5 - CHEQUES CASHED IN CLEARING CENTRES, FIRST FIVE MONTHS - 1924 - 1946.

DOLLARS						
Year	Canada	Maritime Provinces	Quebec	Ontario	Prairie Provinces	British Columbia
1924	10,408,420,712	249,262,680	3,201,154,693	4,310,877,916	1,951,100,801	696,044,622
1925	10,661,057,911	221,015,267	3,240,831,980	4,291,261,712	2,195,318,711	712,630,241
1926	11,856,499,734	251,898,942	3,789,457,814	4,822,541,789	2,197,924,464	794,676,725
1927	13,138,481,885	239,788,359	4,403,936,452	5,547,993,159	2,148,647,046	798,116,867
1928	17,245,088,401	299,545,955	6,142,867,784	6,950,332,501	2,821,247,931	1,031,094,230
1929	19,255,760,508	324,975,787	6,694,400,345	7,987,367,438	2,956,913,209	1,292,103,729
1930	15,627,429,158	285,818,569	5,471,189,934	6,399,227,089	2,449,116,514	1,022,077,052
1931	13,731,605,923	270,954,517	4,830,270,354	5,919,720,024	1,944,215,227	766,445,801
1932	10,334,207,968	220,955,447	3,152,681,767	4,537,890,858	1,778,240,439	644,439,457
1933	10,212,854,401	185,967,777	2,942,259,762	4,489,120,160	2,038,790,798	556,715,904
1934	12,840,586,718	206,416,275	3,767,551,591	6,022,735,135	2,179,017,693	664,866,024
1935	12,505,824,733	210,180,826	3,573,630,560	5,816,365,518	2,244,929,163	660,668,666
1936	14,111,283,238	239,320,891	4,336,309,590	6,161,516,505	2,540,325,555	833,810,697
1937	15,294,091,178	312,368,361	5,049,977,344	7,082,369,539	1,956,020,093	893,355,841
1938	11,854,490,632	250,817,221	3,789,441,192	5,547,378,016	1,527,437,490	739,416,713
1939	12,302,221,566	256,416,542	4,010,268,289	5,608,487,987	1,616,452,307	810,596,441
1940	14,320,105,567	338,111,366	4,323,525,503	6,235,611,504	2,541,303,137	879,054,057
1941	14,569,469,692	353,928,594	4,047,143,733	6,877,713,514	2,397,489,357	893,194,494
1942	17,824,665,027	437,711,916	4,954,576,436	8,797,612,074	2,538,181,095	1,096,583,506
1943	21,117,778,009	505,841,904	6,022,708,213	10,088,088,821	3,199,370,618	1,301,768,453
1944	24,707,661,544	530,940,821	6,941,607,435	11,085,504,651	4,566,149,499	1,583,459,138
1945	26,581,559,602	603,979,289	7,658,763,903	12,330,828,015	4,318,138,592	1,669,849,803
1946	28,895,048,503	647,075,804	8,396,107,795	13,345,113,752	4,273,716,192	2,233,029,960

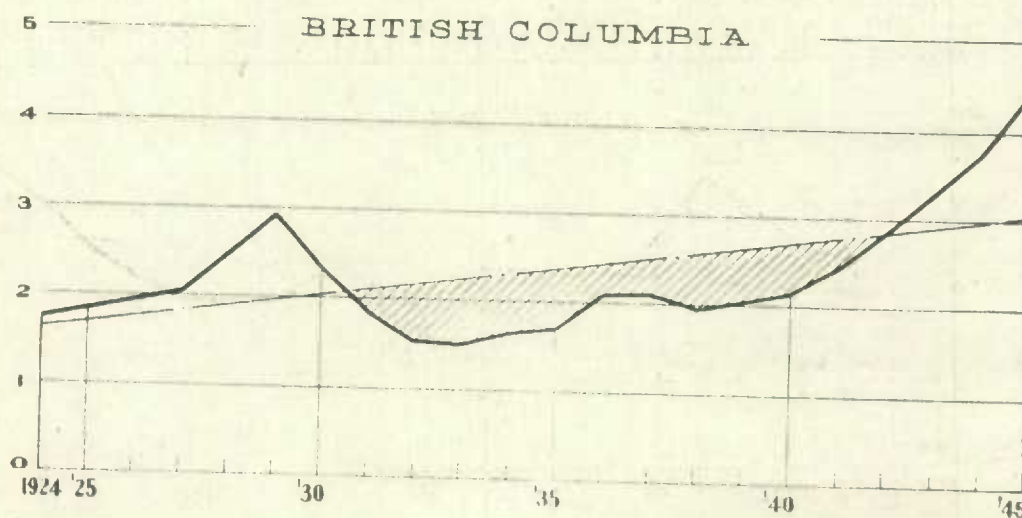
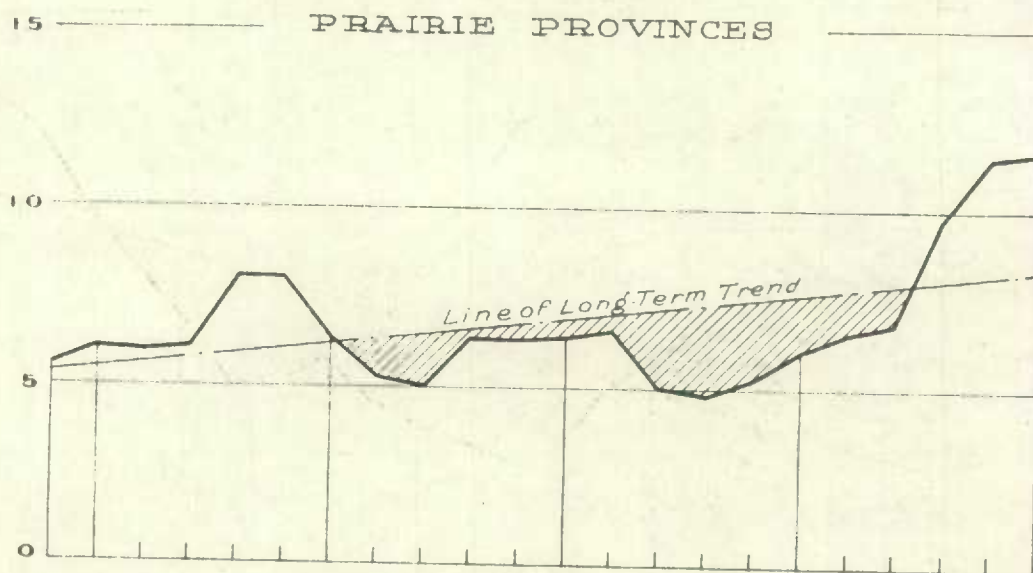
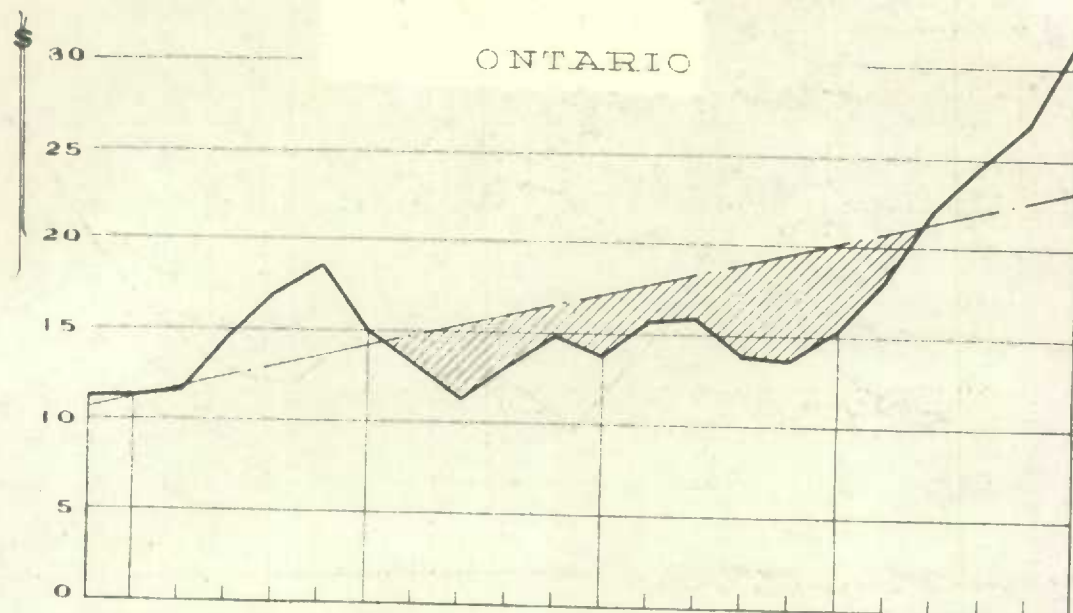
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