

Returns of bank debits, interbank clearings, and note-circulation similarly all point to a steady increase in business activity. These figures are shown in the table which follows:—

Debits, Clearings, and Notes.—Monthly Averages.

(£ millions.)

				Bank Debits.	Clearings.	Net Note-circulation.
1928.						
April	..	..	..	18.83	9.36	6.57
May	..	..	..	19.49	9.42	6.11
June	..	..	..	18.62	8.91	6.23
July	..	..	..	18.63	8.91	6.10
August	..	..	..	17.87	8.37	6.04
September	..	..	..	16.91	7.97	6.13
October	..	..	..	19.25	8.87	6.20
November	..	..	..	18.85	8.88	6.15
December	..	..	..	22.89	10.60	6.93
1929.						
January	..	..	..	20.65	9.63	6.18
February	..	..	..	26.41	12.19	6.22
March	..	..	..	27.79	12.95	6.47

The figures represent the average of four- or five-weekly returns, the period in each case terminating with the week ending on the last Monday of the month. Bank debits show the total debits charged against all accounts during the month. Clearings represent cheques, &c., cleared between banks; and notes are those actually in circulation, and exclude those held by the banks.

These figures give a fairly adequate idea of the volume of business being transacted and of the state of trade. It is obvious that there has been a considerable expansion during the year in both bank debits and interbank clearings, and to a lesser degree in note-circulation. Allowance must be made, of course, from month to month for seasonal variations, holiday periods, or for other factors, but even so the expansion has been both steady and continuous.

Increased imports of goods have not yet responded to any extent to increased funds available, due perhaps to some degree to lack of confidence in New Zealand business conditions. For a similar reason there appears to have been some export of capital for investment overseas, mainly to Australia.

The normal result of a large favourable balance of trade is an increase of purchasing-power available for expenditure in various directions, bringing about an increase in the amount of goods imported and a reduction in the margin between the values of our exports and imports. It will not be unusual, therefore, to find that as confidence returns—and there seems to be no reason why it should not return—the surplus of exports over imports shown above in the figures of overseas trade, and the excess of deposits over advances shown in the banking returns, will be reduced.

A further significant feature of recent banking returns, pointing to the fact that there is some distrust shown on the part of potential investors of the conditions of industry in New Zealand, is the exceptionally high proportion of fixed deposits to total deposits. Holders of money have in many cases preferred to place their funds on fixed deposit with the banks, and consequently fixed deposits have reached record figures. A comparison of deposits on current account with fixed deposits provides an index of business conditions pointing to this conclusion, and the following table will therefore be of interest:—

March quarter,				Free Deposits.	Fixed Deposits.	Totals.
				£	£	£
1924	..	..	..	28,436,162	18,597,130	47,033,292
1925	..	..	..	29,765,517	20,131,711	49,897,228
1926	..	..	..	26,865,851	20,436,629	47,302,480
1927	..	..	..	24,440,778	21,088,035	45,528,813
1928	..	..	..	24,482,151	25,476,144	49,958,295
1929	..	..	..	25,736,741	29,608,752	55,345,493

As confidence returns and capital flows into industry free deposits will increase and fixed deposits will fall.

Other indices of trade conditions may also here be mentioned as indicating the recovery shown by the foregoing figures. The amount of mortgages registered shows a rising tendency during the