One of the most noticeable features of the returns in recent years has been the marked growth of fixed deposits. These have increased during the past five years by an amount of nearly £7,000,000, which represents 37 per cent. in excess of the amount of fixed deposits shown in the returns for 1924.

Considerably more than half of this increase in fixed deposits has been shown during the past year. Conversely, it is noticeable that free deposits have been reduced during the past five years by approximately 14 per cent., the amount of the reduction being nearly £4,000,000.

At the present time the banking policy of the Dominion appears to be guided by the necessity for maintaining a conservative relationship between advances and deposits. With the general improvement in the financial and trading conditions in the Dominion requests are being made that the bank rates of interest should be reduced, but up to the present time the banks have refused to make any alteration in the rates fixed last year.

There is no doubt whatever that, taken in conjunction with the excellent figures dealing with our external trade, the banking returns show that the Dominion has very rapidly recovered from the relatively depressed conditions existing in 1926 and early 1927.

Trade with Canada.

Our trade with Canada continues to expand, and the year's exports proved to be a record both in volume and value. In last year's report it was pointed out that there was an increase of just over 100 per cent. in the value of the trade, and it is remarkable that for the financial year just past the figures show a further increase of 100 per cent., the comparable values being—1926–27, £1,030,462 ; 1927–28, £2,065,222. Canada now ranks fourth in importance in her purchase of New Zealand products. The value of the main items exported from New Zealand during the last four years is as follows :—

——	1924.	1925.	1926.	1927.
	£	£	£	£
Butter	340,582	26,360	230,562	899,727
Sausage-casings	175,455	231,884	319,470	422,655
Hides, pelts, and skins (undressed)	79,270	66,809	97,316	56,062
Wool	64,208	53,951	158,329	213,140

The increase in sales of butter, wool, and sausage-casings is the most remarkable feature in our trade in 1927. Exports in these lines continue to expand, while in some items, such as seeds and kauri-gum, Canada has provided a sorely-needed market. *Phormium tenax* (hemp) declined in sales from £11,603 in 1926 to £6,289 in 1927. This is regrettable in view of the fact that our flax is being displaced largely by foreign hemp, and the Canadian market could probably be retained for New Zealand if a propaganda and sales campaign were undertaken to bring before Canadian importers the undoubted suitability of our fibre for binder-twine, which is so extensively used throughout the great wheat-growing provinces.

In regard to the import trade, the values show a considerable decline from £3,198,091 for the financial year 1926–27 to £2,507,339 for the same period in 1927–28. The decrease is mainly in the item motor-cars, from £1,300,000 in 1926 to £847,700 in 1927. This decrease was due, as is generally known, to the temporary withdrawal from this market of one of the leading cars of Canadian manufacture. It is confidently anticipated, however, that during the current year Canada will regain and even increase the value of her trade in motor-cars with us. Items which have increased in value are manufactured iron and steel, hardware and ironmongery, agricultural implements, electrical machinery, tools, hosiery, and printing and writing paper. Some important items have shown a falling-off, notably timber, photographic material and goods, wood, cane and wicker ware, leather goods, fencing-wire and staples, nails, iron and steel tubes, cotton piece-goods, footwear, apparel, fruit, fish (salmon), and confectionery.

Canadian trade with New Zealand, like that from other countries, was undoubtedly adversely affected by economic conditions in this Dominion ; but there is every indication that the check is but a temporary one, and that for the future her sales will show the usual satisfactory growth.

Island Trade.

Fiji.

New Zealand continues to do a substantial share of the total trade of Fiji, but by far the greater proportion is represented by imports (mainly raw sugar) from that country.

The imports into New Zealand for the year ended the 31st December, 1927, amounted to £410,039, and the exports to Fiji £124,775, the total trade being £534,814, or 16·61 per cent. of the whole external trade of Fiji.

The imports by Fiji from New Zealand during the past five years have fluctuated considerably, as is shown by the following figures: 1923, £104,000; 1924, £128,000; 1925, £117,000; 1926, £142,000; 1927, £124,775.

The exports to New Zealand have fallen off considerably, due chiefly to the fluctuation in the value and quantity of sugar shipped. In 1923 the exports amounted to £942,000; in 1924 to £787,000; in 1925 to £1,024,000; in 1926 to £710,000; in 1927 to £410,039.

A study of the detailed imports of Fiji indicates a still further possible expansion of our export trade to that country in certain lines, such as confectionery, biscuits, bottled beer, cement, manures, soaps, timber, and brushware.