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THE GENERAL FINANCIAL SITUATION.

The week has been an exceedingly dull and uninteresting affair in the great international markets. London has been giving a large share of its attention to the matter of King Edward's funeral and to the visiting potentates and rulers. Also Monday was a holiday at the British capital; so there have been two holidays in one week. Naturally enough the continental markets have been affected sympathetically by the dulness at London. Next week it is expected that the exchanges will have a fresh start, and it will be time then to look for the evidences of new tendencies.

On Thursday the Bank of England directors made no change in the 4 p.c. rate. The London market has been quotably higher. Call money, $2\frac{1}{2}$ to $2\frac{3}{4}$; short bills $3\frac{1}{8}$; three months bills, $3\frac{1}{2}$ to $3\frac{1}{4}$. No change occurred in the official rates quoted by the Bank of France and the Bank of Germany; so 3 p.c. and 4 p.c. still prevail. Market rate in Paris is $2\frac{1}{4}$ and in Berlin 3 p.c. This is about the same as last week in both cases.

In New York also money has held at about the same level. Call loans, $3\frac{3}{4}$ to 4; 60 days $3\frac{3}{4}$ to 4; 90 days 4 p.c.; and six months 4 to $4\frac{1}{4}$. Another large gain in surplus was achieved by the New York banks last week. According to the Saturday statement loans decreased \$14,700,000, cash increased \$6,800,000, and surplus increased \$9,187,000. The surplus now stands at \$21,827,275, which is slightly better than a year ago. The trust companies and non-member state banks reported a loan reduction of \$6,000,000, but, as it was accompanied by a cash loss of \$1,200,000, their proportion of reserve to liability fell slightly.

Some idea as to the course of business in the United States can be had from a study of the statistics of railway gross earnings published by the New York Financial Chronicle. For the month of April gross increased \$8,323,925, or 16 p.c. In amount of increase this has been only twice exceeded in the same month during the past thirteen years. In April, 1907, the gain was \$11,044,527; and in 1903 it was \$8,398,980. For the four months ended April 30, 1910, the gain in gross is \$33,319,157 which figure constitutes the largest gain for those four months shown in the

past fourteen years. The nearest approach to this record was made in 1903, in which year the gain was \$31,603,126. However, it is worth remembering that the large gain in April, 1907, was followed a year later by a loss of \$11,486,059; the gain in April, 1903, was followed in 1904 by a loss of \$2,425,402; and the gain in the first four months of 1903 was followed next year by a loss of \$3,781,203.

With regard to the balance of the year opinions appear to differ. E. H. Gary, the chairman of the United States Steel Corporation, expressed himself as hopeful for the future months of 1910. Referring to the recession in business as "temporary," he said "This season of the year is invariably a between seasons," and had not the financial community already become committed to a gloomy point of view, would have excited no more attention this year than it has before." On the other hand President J. C. Maben, of the Sloss Sheffield Steel & Iron Company, while expressing himself as an optimist on the iron situation for a long pull—that is to say over three months said: "But I cannot see anything in the immediate conditions but stagnation. The trouble is that there is too much pig iron for the consumptive capacity. Furnaces have been blowing out for some time and they are continuing * * * but it will be still some time before the two have been equalized."

The authorities thus agree in predicting a temporary reaction. Perhaps if the crop outlook continues good the signs of it will have disappeared before autumn.

At the close of last week there was a considerable rise in sterling exchange rates at New York. It had been supposed that the placing of loans in Europe by American railroads and other corporations would have had the result of turning the exchange markets definitely in favor of New York. But it appears that exchange on Europe, representing the proceeds of the bond issues, has not been freely offered by the banking interests, and those financial houses which sold bills on the theory that they would be able to cover in that way have been obliged in some cases to go into the market and buy exchange at rising prices. It is said that in some cases the European capitalists insisted that proceeds of the loans granted by them to American railroads should be drawn in instalments. Perhaps this will account for the lack of exchange.

In Canada money rates are about the same. Call loans are about $5\frac{1}{2}$ p.c. and conditions in the money market retain the hardness or firmness noted a week ago. Cables state that a number of Canadian oil ventures are being prepared for the London market. It is to be hoped that no wild cat schemes will be attempted. Two recent Canadian security flotations in London met with rather poor success notwithstanding that they were made by reputable corporations. However, London is somewhat crazy over oil and rubber just now and it might be possible to float schemes, the successful operations of which would be doubtful.