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THE GENERAL FINANCIAL SITUATION.

As no competition developed, the whole of the South African gold arrivals on Monday went to the Bank of England. Bank rate in London is unchanged at 3 p.c. In the open market money is quoted at $1\frac{1}{4}$ to $1\frac{1}{2}$, about the same as a week ago, but discounts have hardened appreciably—short bills being quoted at 2 5-16 and three months' bills at 2 5-16 to $2\frac{3}{4}$. The market rate at Berlin has also risen to $3\frac{1}{2}$. This is gradually approaching the German Bank's 4 p. c. rate, and news items state that the tendency in Berlin seems to be towards higher rates. Some expect that the Reichsbank may shortly raise its rate in order to the more effectually protect its gold reserve.

Bank of France rate is unchanged at 3 per cent.; the Paris market is also the same as a week ago at 2 1-8.

It is said that the recent failure of the Birkbeck Bank in London has been one of the factors in weakening British Consols. This bank has had to get assistance on two occasions in the past twenty years, in order to withstand runs. English authorities explain that the concern is not a commercial bank. However, it had invested a considerable part of its resources in British Consols and other high class securities. And the decline in Consols is said to have crippled the bank seriously inasmuch as it was unable to write its holding down to the market. The deposits amounted to about \$40,000,000. The Bank of England and several other banks have arranged to advance sufficient funds against the Consols and other high class securities to enable the bank to pay a dividend of 10 shillings or 50 per cent. on its deposits. And it is calculated that the loss to depositors in the end will not be more than 8 or 10 per cent.

Interest rates at New York are at the same level as a week ago. Call loans 2 3-8; sixty day loans, $2\frac{1}{4}$ to $2\frac{3}{4}$; ninety days, $2\frac{3}{4}$ to $2\frac{7}{8}$; six months, $3\frac{1}{4}$ to $3\frac{1}{2}$. The Saturday bank statement showed that the clearing house institutions regained a part of the loss of surplus experienced during the preceding week. Loans increased \$13,000,000, but the cash increased \$8,800,000, and so an increase of surplus amounting to \$3,800,000 was possible. The surplus stands at \$39,785,875. Trust companies and non-member state banks show a pronounced increase of strength—their proportion of reserve to liability rising from 17.9 p.c. to 18.3 p.c. This no doubt reflects the final preparations on the part of the principal institutions for entering the clearing house. Beginning Monday this week the important trust companies—sixteen in number—made their exchanges through the New York Clearing House. This departure is regarded as most important. The significance does not merely lie in the increased efficiency of the cheque exchanging machinery. It constitutes also a definite strengthening of the monetary situation in New York. For the trust companies now in the clearing house bind themselves to maintain a cash reserve of 15 p.c. of their liabilities in addition to a further reserve of 10 p.c. carried as deposits in clearing house banks. Also the trust companies are now brought within the supervision of the Clearing House examiners. These examiners are experts in banking—the chief examiner is to get a salary of \$25,000—and they are armed with the authority of the New York Clearing House.

Sterling exchange in New York has been weak and there is some discussion as to the imminence of a gold movement from London to New York. London has rather expected that New York would take some gold to replace the \$11,000,000 or so shipped recently to Montreal. It appears that New York bankers are now carrying very large balances in London. United