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ADVANCE IN BANK OF ENGLAND RATE AND OTHER PHASES OF THE GENERAL FINANCIAL SITUATION.

The continued desire of the Bank of France to accumulate gold from any market having a surplus of funds is exercising a powerful influence on the international money situation. Rates in London have stiffened materially and the rise in the Bank rate to 3 per cent., yesterday, furnished no surprise.

It is extremely doubtful, however, if this higher rate will be continued for any great length of time. In all the markets the general underlying tendency is towards ease and towards the accumulation of capital; and under those circumstances the English bank would likely get all the gold it wanted in a short time as a result of a rise in its rate. It might even do so by maintaining the present rate.

Call money in the London market is quoted at 2 to 2 1-2 p. c., a considerable rise from last week's level. Short bills and three months' bills are also appreciably higher, both being quoted at 2⅝ to 2¾ p.c. as agaisnt the 2 and 2⅛ p.c. of a week ago.

Little change is seen in Paris. Bank of France, of course, makes no alteration in its 3 p. c. rate; and the market has fallen a shade to 2 5-16 p. c. Berlin market has risen from 2⅛ to 2⅝, but the Bank of Germany rate remains at 4.

Canadian call loans are unchanged at 4 p.c.

Interest rates in New York have softened still further as a result of the expected heavy influx of cash from the interior and of stock market liquidation. Call money is quoted at 1 3-4; 60 days at 2 3-4; 90 days at 3; and six months at 3 1-4 to 3 1-2.

It has been noticed that every week lately the Clearing House banks have provided something sensational in the way of changes. Last Saturday's statement proved no exception to this rule. Loans and deposits furnished the sensation in the previous weeks. This time it was the cash. According to the "actual" figures a gain in cash occurred of over $19,000,000. Loans increased $14,000,000, and deposits $32,000,000; the net result being an increase of $11,000,000 in the surplus, bringing it to $26,300,000. Some part of the increase in loans is said to have been caused by re-assumption by the Clearing House Banks of loans transferred to the trust companies. The latter report a $4,000,000 decrease in loans.

The feature of the week has been the beginning of gold exports to Europe on a large scale. As much as $3,500,000 went out one day this week, and the strength of the exchange market is taken as foreshadowing a heavy outgo. The gold goes to Paris. At the same time London shows a disposition to put off on New York the burden of supplying the seasonable Argentine demand for gold. Just what is the cause of the strong demand for foreign exchange is a good deal of a mystery. That the Bank of France is at the bottom of it is tacitly conceded, but even the experts do not apparently understand why that great institution wants so much of the metal. Last week the London Economist remarked that if it is the Russian loan, the French bank wants to provide for, two million pounds less gold in the Bank of France and two millions more in the Bank of England would help the operation along more than the present situation promises to. Lack of definite information as to the reasons actuating the Bank of France's action has caused surmise and vague fears that some disturbing political event, perhaps a war, was anticipated. This had its effect in unsettling securities. However, as the New York Evening Post remarks, the puzzle will be solved very shortly. With the bringing out of the Russian loan and the removal of the Balkan trouble by Austria's agreeing to pay Turkey some $11,000,000 for the annexation of Bosnia and Herzegovina, the true reason of the Paris accumulations should become apparent.

During the week the United States Treasury served notice on the banks acting as depositories that $25,000,000 of government money must be surrendered in January and early in February. New York City banking institutions will be called on to surrender on their own account some $8,000,000 of government deposits, and probably considerable more on account of interior banks. That adds another to the factors making for scarcity of money. Briefly the situation may be summed up as follows: On the one side, working towards stringency, are the trust company reserve law requiring sequestration of $40,000,000 in trust company vaults; the withdrawal of $25,000,000 cash from national banks by the Washington Treasury; the gold export movement; and lastly the prospective issues of new securities in New York City. On the other side, working towards ease, the most important factor is the flow of currency from the interior to the metropolis; it has been aided by the liquidation that has occurred in Wall Street.