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GENERAL FINANCIAL SITUATION.

On Monday this week, the Bank of England secured the whole of the \$5,000,000 gold arriving from South Africa, but withdrawals of gold for Paris have also to be noted. Opinion is somewhat divided as to any speedy reduction in the existing bank rate. The directors at yesterday's meeting left the official discount rate unchanged at $3\frac{1}{2}$ p.c. Rates in the London market have again moved downward: call money 2 p.c.; short bills $2\frac{5}{8}$; three months bills are also at $2\frac{5}{8}$. Stock Exchange trading continues pretty much its process of marking time in Capel Court.

Official rates at the Bank of France and the Imperial Bank of Germany are the same as last week, viz.: 3 p.c. and $4\frac{1}{2}$ p.c. respectively. The Paris market is 2-11-16; the Berlin market 3. This represents a rise at Paris which can doubtless be attributed to the damage done by the flood. The waters of the Seine have destroyed property valued in the hundred millions of dollars, and it has been a matter of some surprise that the security market in the French capital continued so steady and firm. It has been pointed out in explanation, that in this case there was no need for hasty marketing by the fire insurance companies of bonds and investments. On the occasion of the San Francisco fire, and after the other great conflagrations, the insurance companies had to sell part of their investments to provide funds for policyholders' claims. And their sales had an immediate effect on the quotation lists. There is another thing besides the absence of such selling, that may have had its effect in continuing the calm steadiness at Paris. Everybody knows that the very powerful financial interests, headed by the Bank of France, would use their influence to quiet the fears of investors and security holders. Probably their representations and support to the market counted materially in preventing demonstrations of alarm. But under the circumstances it would hardly be possible to prevent a rise in in-

terest rates. It will be necessary for the other international markets to keep a close watch on money conditions in Paris. France is a heavy creditor of the other money markets.

At New York February has opened with interest rates still tending lower. Call loans range between 2 and 3 p.c. with most of the loans going through at about $2\frac{3}{4}$; 60 day money, $3\frac{1}{2}$ to $3\frac{3}{4}$ p.c.; 90 days, $3\frac{3}{4}$ to 4; and six months 4 per cent. Last Saturday's bank statement showed the flow of cash from the interior to be still in evidence but the movement is decreasing in volume. Cash holdings increased \$7,100,000; loans expanded \$10,650,000; and the surplus increased \$1,814,000. It now stands at \$32,677,200. The trust companies again reported a heavy loan contraction—\$5,137,000.

It was thought that the situation in New York had been much strengthened in the past few weeks. The lower range of prices on the Stock Exchange has induced considerable European buying. But the failure of a leading bond house this week and yesterday's severe slump in stock prices show that all is not yet plain sailing.

The United States Steel Corporation's report for the last quarter of 1909 showed earnings somewhat below the Street's anticipations. Nevertheless the net earnings of \$40,975,000 were nearly double those of the first quarter of the year and unfilled orders on the books amounted to 5,927,000 tons as against 3,603,000 tons at the close of 1908.

So far, since the new year, railroad equipment orders in the United States have admittedly slackened; and there are authorities who contend that the increase in production by the iron and steel trade as a whole was too rapid last year. They say that the country is not yet prepared to consume a pig iron output of over 30,000,000 per annum, and that the amount of finished materials in stocks of jobbers and distributors is over-large. In other lines of trade, too, there are some evidences that the movement to ultimate consumer at prevailing high prices, has been considerably less brisk than from manufacturer to middleman,—so that either a slackening of trade expansion throughout the States or a downward tending in prices may be in store. January failures have been disappointingly heavy. No one, however, seems to look for any such reaction as came in 1895, following an abortive trade revival after the crisis of 1893. Currency and agricultural conditions now are substantially better than they were fifteen years ago. Meanwhile, however, wages for miners, railroad workers and others are likely to be further advanced.

As to Canadian trade conditions, there seems no doubt of continued expansion during 1910. Incoming capital and well-to-do immigrants make for immediate business quickening. As to the