p.c.; ninety days, 3 to 3½ p.c.; and six months, 3¾ p.c.

The clearing house institutions (banks and trust companies) reported in their Saturday statement a loan expansion of $23,066,000 and cash gain of $9,300,000—the surplus reserve increasing $1,787,000. In the case of the banks taken by themselves, the loan expansion was $18,894,000; the cash gain, $8,788,000; and the gain in surplus, $1,484,000. It will be noticed that the flow of funds from the interior to New York shows a slackening tendency.

BORROWING MOVEMENT IN LONDON.

If general business improves as expected the currency movement will probably be down to small proportions in another fortnight. On the other hand the extreme cheapness of money in London and the action of American financiers in borrowing there (referred to in the foregoing text) will have a tendency to weaken the sterling exchange market in New York. The movement to borrow in London has just been begun. In past years, circumstances being favorable, it has attained large dimensions. Then, it is to be remembered that the United Kingdom and the Continent of Europe during the stringency of the past year or so greatly reduced their speculative holdings of American stocks. With the return of easy money conditions and the passing away of political and other scares they will likely repurchase on a large scale. Such repurchases should in the ordinary course of events serve to keep the New York stock market strong and at the same time supply a large amount of sterling bills for negotiation in the New York market. It is believed that the rise in Wall Street since the middle of December took a lot of intending purchasers "off their guard" so to speak. These parties have since been waiting anxiously for a reaction in order that they may get in advantageously. Up to this week, however, the reactions have not been of much importance.

BANKS' HEAVY LIQUIDATION.

Through the month of December, the banks continued that policy of liquidation which was so noticeable in the November statement, and they maintained at the end of the year the strong reserve position in which they placed themselves during the preceding month, the ratio of liquid assets to liabilities to the public standing at the end of the month at 24.6 per cent. The most notable movement was in connection with Canadian current loans, which, including the loans to municipalities were reduced by nearly 13 millions to $852,906,548. The loans to municipalities, etc., were themselves reduced by $4,655,000 to $30,518,573, the lowest figure at which they have yet appeared since they were first reported separately from the banks' commercial loans. No doubt, this reduction would be in part accounted for by the sale of bonds, but also it appears it may be considered a result of the fact that many municipal elections are held in January, and that as the outgoing council has no authority to bind its successor in regard to temporary loans made in anticipation of collection of taxes, the loans of this kind which run from time to time are at the end of December at a minimum. So that it appears that the December figures of $30,518,573 represent as nearly as can be ascertained what is the amount of special financing by the municipalities which remains still to be funded.

LARGE GAIN IN CASH HOLDINGS.

Foreign call loans were reduced by about $6,000,-

ABSTRACT OF THE BANK STATEMENT FOR DECEMBER, 1913

(Compiled by the Chronicle).

	December 31, 1913	November 30, 1913	December 31, 1913	Month's change	Year's change
LIABILITIES.					
Circulation	$ 108,646,425	$ 119,497,321	$ 110,048,357	—$10,850,896	—$ 1,401,932
Demand deposits	381,375,509	384,486,046	379,777,219	— 3,110,537	+ 1,598,290
Notice deposits	624,692,326	625,803,150	632,641,340	— 1,110,824	— 7,949,014
Foreign deposits	103,403,085	107,323,009	87,050,132	— 3,919,924	+ 16,352,953
Total liabilities	1,308,756,866	1,330,526,282	1,099,468,691	— 21,769,416	+ 9,288,175
ASSETS.					
Specie	45,423,463	46,616,806	33,780,333	— 1,193,343	+ 11,643,130
Dominion Notes	104,778,358	103,761,863	94,584,484	+ 1,016,495	+ 10,193,874
Deposit in Central Gold Reserve	7,597,066	8,100,000	....	— 502,934	....
Securities held	104,398,102	107,753,439	102,140,511	— 3,355,337	+ 2,257,591
Canadian call loans	72,862,971	70,123,101	70,655,661	+ 2,739,870	+ 2,207,310
Foreign call loans	115,984,680	122,380,863	105,952,101	— 6,396,183	+ 10,032,579
Canadian current loans	*852,906,548	*865,888,832	*881,331,981	— 12,982,284	— 28,425,433
Foreign current loans	58,305,388	55,819,280	40,990,126	+ 2,486,108	+ 17,315,262
Loans to municipalities, etc.	30,518,573	35,173,817	....	— 4,655,244	....
Total assets	1,551,263,432	1,572,706,192	1,526,081,158	— 21,442,760	+ 25,182,274

*Inclusive of loans to municipalities, etc.