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THE GENERAL FINANCIAL SITUATION.

The German demand for gold was again in evidence on Monday when the weekly shipments from the Transvaal mines came upon the market. The amount received was about $4,000,000 and the bulk of it went into the vaults of the Imperial German institution at Berlin. Bank rate in London remains at 3 p.c. In well informed financial circles the opinion is expressed that had it not been for the sudden tension put upon European international relations by the sending of the German warship to Morocco, the Bank of England would have reduced its rate to 2½. Germany's action naturally created some commotion on the various exchanges, particularly at Paris. Some idea as to the opinion prevailing in neutral countries regarding this re-opening of the Moroccan question may perhaps be acquired from perusal of the comment in the financial column of the New York Evening Post. This says, "Financial people long ago, rightly or wrongly, classed the German attitude as combining that of the dog-in-the-manger and the bully. But it has at no time been a comfortable episode, from the point of view of international finance, and the international markets always shiver when Germany again emerges, with the old chip on its shoulder." Call money in the London market is quoted at 1 to 1¼ p.c. Short bills are 2⅛ p.c.; three months' bills, 2 1-16 p.c. At Paris the market is 2⅛, and at Berlin, 2⅝. Bank of France rate is 3 p.c. and the rate of the Bank of Germany 4. Regarding the prospect of a serious rupture in Europe, it should be said that the financial markets would give an unfailing intimation the moment one became probable. Securities would fall, British Consols, French rentes and German bonds especially; and interest and discount rates would rise sharply in the three markets. Up to the time of writing, rates of interest in Berlin have fallen. This is the natural effect which the purchase of gold in London by the Reichsbank would produce. But it is certain that if the German Government entertained warlike designs the Berlin money market would in advance be profoundly affected. Berlin has nothing like the cash resources possessed by London and Paris and the English and French bankers have all the time a very large command over funds in Berlin, Hamburg and other German cities.

Some little change has occurred in the money-situation in New York. Call loans are now 2¼; sixty day loans, 2½ p.c.; ninety days, 2¾; six months, 3½ per cent. The financial markets in the American metropolis on Saturday saw with the utmost indifference a sensational wiping out of surplus reserves owned by the clearing house institutions. Taking all institutions in the Clearing House there was shown an increase of loans amounting to $47,200,000, a loss of cash, $28,000,000, and a decrease of lawful reserve $24,800,000. Taking the banks alone the loans increased $33,400,000, the cash fell $20,400,000, and the surplus was reduced by $31,200,000 to $20,054,000.

However, it is understood in all the brokers' offices that this sensational showing was the result of a combination of exceptional circumstances. First of all there were the July dividend and interest payments. These in themselves constitute a heavy task. Next there was the payment by the market to the Government of $17,000,000 on account of the recently issued Panama Canal loan of $50,000,000. And there was also included in the figures payment for a $20,000,000 new issue of Baldwin Locomotive preferred stock. The contraction of the surplus and expansion of loans is