ministering funds of 1½ millions in addition to performing such miscellaneous duties as are involved in the care of 46 children.

METRO.

The General Financial Situation.

RUSSIAN LOAN FLOTATION THE EVENT OF THE PAST WEEK.

Money Market and Exchange Rates Influenced by Bank of England Advance—Flow of Interior Funds to New York is heavy—Canadian Developments.

Last week's rise in the Bank of England rate to 3 per cent. has had the effect of putting the London discount market on a distinctly higher basis. Following the Bank's lead the market now quotes call money at 2 1-4 to 2 1-2; short bills at 2 11-16; and 3 months' bills at 2 3-4 to 2 13-16.

In Paris also the market rate for money has gone up, being quoted at 2 3-4, as against 2 5-16 a week ago. The Bank of France maintains its rate of 3 per cent. Berlin is about the same as last week, with the market at 2 1-2 and the Bank of Germany at 4. As this market did not participate with the other two in bringing out the Russian loan, some such development as the above was to have been expected. London over-subscribed its $30,000,000 allotment of the Russian loan four times. To-day's Paris offering of France's share of the loan has been awaited with much interest.

Experts have been giving a more than ordinary attention to the behavior of the London market to see what effect the 3 per cent. Bank Rate would have. Already it is possible to see its influence on the exchange with Paris. That has moved to a better basis, in the direction of a gold movement to London. It is said that during the week a considerable amount of the loans, negotiated in London by French interests preparing for the Russian loan, have been paid off. Also the investments of French money in the purchase of English bills have been resumed on a respectable scale. This is exactly what the Bank directors calculated would happen on a rise in their discount rate. And the probability is that the maintenance of the present rate for a few weeks will result in materially strengthening the gold reserve of the English bank.

Canadian call loans are unchanged at 4 per cent. to 4 1-2 per cent.

Movement of Funds from Interior to New York.

In New York the money market has again tended towards softness. Call money is the same as last week at 1 3-4, but time money has cheapened; 60 days being quoted 2 1-2; 90 days at 2 3-4 to 3 and six months at 3 1-4 to 3 1-2.

Last Saturday's bank statement shows that the Clearing House Banks are very busily engaged retracing their steps of a few weeks ago. Loans increased $27,500,000; cash increased $18,000,000, or nearly as much as the huge increase of the week before; deposits increased $37,000,000. On the surplus, the net result was to increase it by $1,000,000; and it now stands at $27,351,400.

In a broad sense it is the extraordinarily heavy shipment of cash from the interior to New York that has driven the call loan rate again below the 2 per cent. level, and created a set of conditions making it more profitable for the trust companies to carry their funds as deposits in the banks than as loans to Wall Street. New York City trust companies reported a decrease of $20,000,000 in loans, and it is to be remembered that back of the surplus reserves of the Clearing House Banks is growing up againt the latent reserve of the outside institutions. Whenever the need for funds causes the market to bid above the 2 per cent. level for call loans, the expedient of shifting loans can doubtless be again resorted to on a considerable scale, as a means of preserving or fortifying the Clearing House Banks' surplus.

Continued Monetary Ease likely for New York.

Present indications, however, point to a period of extremely easy money in Wall Street. Last week a special transaction or loan of $3,000,000 for one month was put through at 1 1-2 per cent. It is said that these have since been in demand, but that the banks do not generally favor them except in large loans on the very best collateral. In a case of that kind the transaction would give the lender protection, for a short time, against a possible drop in the rate to 3-4 per cent., or thereabouts. A good many borrowers on the other hand are quite satisfied to take their chances in the call loan department. They figure that the rush of money from the interior is heavy enough to overbear all factors making for stringency; and that there is little probability of the rate rising beyond 1 1-2 or 1 3-4 per cent. in the next four weeks, and a fair prospect of its dipping below that level on occasions. One circumstance pointing to continued ease in money is the increase of 111,000 in the idle cars of the railroads, reported in the last fortnightly statement. That seems to show that general traffic throughout the country is slacking off quite materially since the crops have been practically disposed of. Also apparently the talk of tariff revision is having an effect in retarding an improvement in the iron and steel trade.

There is something of a problem, in financial circules, as to what the banks will do with their bonds, bought as security for Federal Government deposits. The deposits have been greatly reduced, and a large amount of bonds returned as a result of the successive calls during the past year.

The Outlook in Canada.

In Canada, one of the encouraging happenings has been the report of an increase in gross earnings by the Grand Trunk for the first time in many weeks. Though largely due to the figures coming into comparison with the shrunken traffic of a year ago, the result is nevertheless gratifying. This is one of the things that has been waited for; and it is to be hoped that better weekly reports will now be the order of the day. The circumstance was attended by a rise in Grand Trunk securities on the London market.

With regard to the increased activity, this week and last, of the Canadian share markets, it is expected that, if continued, it will provide employment for some of the surplus cash of the local banks. Possibly the gradual lowering of the home call loan rate to 4 per cent., and the accumulation of idle funds in Montreal and Toronto, have had not a little to do in stimulating the trading.