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THE GENERAL FINANCIAL SITUATION.

The Bank of England shared with India this week the $3,000,000 South African gold arrivals. No further change has occurred in the Bank rate —the 4½ p.c. quoted last week and now continued will doubtless meet the needs of the day. It is likely enough that the directors of the great British institution had reason last week to anticipate that liquidation in securities would be resumed in Wall Street. At any rate we may suppose that they had reason to expect it; they have at their disposal the most excellent advice on New York financial matters. Of course the reappearance of speculative liquidation in the American centre and the institution of a broad declining movement in securities would have a tendency to lessen the necessity for maintaining the Bank rate at a high figure, especially if it happened that one of the reasons for putting up the rate was to check American borrowing in London. Then it may be that the 5 p.c. rate had served a good purpose in other ways. Probably it had the effect of inducing business men to lessen their commitments; also it would have a tendency to reduce the output of new securities generally.

In the London market rates have eased off. Call money is 2¼ to 3¼ p.c.; short bills, 3 7-16; three months bills, 3½ per cent. At Paris and Berlin the market rate is continued at 2 9-16 and 4⅝. The Bank of France and the Bank of Germany have not found it advisable to depart from the official rates hitherto quoted by them, viz.: 3 p.c. and 5 p.c.

The sameness of results in the British elections, as compared with the last struggle is inducing much comment on this side the Atlantic. Apparently the British elector will not allow himself to be stampeded by the extremists of either side. We venture to say that in due time he will get his opportunity to have his say in decisive fashion upon the various important issues now thrust upon his attention. The financial situation in London will derive benefit from the removal of disturbing questions from active political discussion.

In New York rates are about the same as a week ago. Call loans, 3¼ per cent.; and time money is still given as 4 p.c. for all maturities from sixty days to six months. As forecasted in last week's CHRONICLE the Saturday bank statement revealed a heavy loan expansion and a large cash loss. The former was $18,270,800, the latter $10,570,000. The effect of the combination was to reduce the surplus by $12,631,000, making it $5,048,500. Trust companies and non-member state banks reported loan expansion $2,200,000 and cash loss of about $1,000,000. Their proportion of reserve to liability remained at 17.4 p.c. as in the previous week.

It is well understood that the loan expansion of the clearing house institutions was in a large measure due to the low rate of interest on call loans prevailing in New York city. Interior banks, and international lenders have called loans and the clearing house banks have had to take them over. Also the preparations for the December dividend and coupon payments necessitated considerable increase of loans. The liquidation of the commitments of the bull speculators this week and last would have a tendency to correct the figures of last Saturday's statement. Needless to say it is the proper corrective; and the securities markets will assume a healthy complexion in the shortest time if the correction is applied until matters are righted. In the long run Wall Street will likely benefit more from the application of this old fashioned remedy than from following the course of endeavoring to stave off declining prices through