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THE GENERAL FINANCIAL SITUATION.

The Bank of England and India shared between them the \$2,500,000 South African gold which arrived in London on Monday. The 4 per cent. bank rate still continues. As the bank has been successful in securing a portion of the Transvaal arrivals and as a strong movement of gold from New York to London has been inaugurated it seems likely enough that no further rise in official discount rate will be necessary unless extraordinary developments occur. Not much change has taken place in the open market. Call money is $3\frac{1}{2}$ to 4 p.c.; short bills 3 13-16 and three months bills 3 $\frac{3}{8}$. It is, however, to be expected that a continuation of the important movement of gold from New York to the British capital will have a tendency to produce some relaxation in London rates.

On the Continent the position is practically unchanged. Three per cent. continues to be the official rate at the Bank of France, and 4 per cent. at the Bank of Germany. In the Paris market 2 $\frac{1}{2}$ p.c. is the rate, and in Berlin 3 $\frac{1}{4}$. Both the same as a week ago. These markets should be affected sympathetically by a large transfer of gold from America to London.

The beginning of the gold export movement has diverted a larger share of attention to the New York market. As yet, however, the movement has not markedly affected interest rates or security prices. Call loans have ranged from 2 $\frac{3}{4}$ to 3 p.c. with the business tending towards the higher level. 60 days 3 $\frac{3}{4}$; 90 days 4 p.c.; and six months 4 to 4 $\frac{1}{4}$. On Saturday the clearing house banks suffered a further loss of surplus to the extent of \$5,800,000. Loans decreased \$4,300,000, but cash also fell heavily—\$10,200,000. At the week end the surplus stood at \$4,958,075. The trust companies and non-member state banks reported a loan expansion of \$9,300,000 and a cash gain of \$900,000. Their percentage of reserve fell slightly.

The cash loss is supposed to have been due largely to dividend and interest payments; and it is expected that some part of it will have been recovered in the current week. But, on the other hand, the gold outflow has been strongly in evidence since the date of the bank statement, and there is no doubt the heavy shipments of the metal will make their influence felt upon the cash holdings.

It is noteworthy that the large London joint

stock banks have been concerned in the gold shipments of this week just as they were a year ago. The supposition is that it is their intention to undertake a further strengthening of their own cash reserves in order to provide a certain measure of cash strength outside the Bank of England. The effect of the prospective receipts of gold at London from America has been to an extent neutralized by shipments from London to other foreign countries. Thus in the present week a consignment of £500,000 in sovereigns went to Brazil. In these transactions there is fresh evidence of the world wide extent of the British banking and financial business. Other countries are borrowing in London all the time, and their security issues or the course of trade between them and London produce gold movements one way or the other.

Concerning the present gold movement from New York across the Atlantic much of the interest centres round the question as to the probable effect upon the American money market position and upon the stock market. Experts in foreign exchange have stated that the outflow might easily enough continue until \$25,000,000 or \$30,000,000 is accounted for. It would be but natural if the loss of so much gold as that resulted in tightening up the strings of the money market. But it might develop that the effect would not be fully felt until towards fall when the banks are confronted with the task of handling a large wheat and cotton yield. One reason the loss of gold has not affected the markets is found in the fact that speculators in Wall Street stocks have been quiet. There is little doubt that general activity on their part in advancing prices and in borrowing from the banks would speedily bring the present money market into a condition of stringency. But the outlook for stocks is by no means certain and the speculators are no doubt wise in remaining quiet until the drift of events is more clearly apparent.

In Canada call loans remain at the 5 p.c. level. The early spring is responsible for a quickening of industrial and mercantile activity which will in all probability find due reflection in an expansion of the commercial loans of the banks.

During the week the interest of the financial and other classes has been quite largely directed to the incoming immigrants from the United States and Europe. From abroad and from our own land the evidence accumulates that Canada's immigration policy has been most wisely directed. Washington is showing open envy at our success in attracting a superior class of settlers from Europe and from the Western States. There is especial reason for thankfulness that the sturdy tenant farmers of England and Scotland are at last coming this way in shiploads. Not even the Americans can surpass them in knowledge of how best to make the earth yield its increase. Almost invariably the British farmer of this class has his tidy capital—from \$1,500 up to \$10,000 or \$15,000. And his family of sturdy sons and daughters constitutes a further capital more valuable to us than is the cash.

Every day it is becoming more certain that Canada is destined to be a great nation, fitted to take a leading part in sustaining the position of the Anglo-Saxon race in the world's councils.