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SIGNS OF REACTION

The statistics of our railway earnings, bank clearings, and customs collections at the two principal centres indicate that February like January has been a month of reaction. Canadian Pacific's decrease in gross for the third week in February was \$541,000, which, following the decreases of \$620,000 and \$467,000 in the two preceding weeks, indicates a loss of something like \$2,200,000 for the whole month. Those who understand the situation are making allowances for the peculiar state of affairs existing this year in regard to the Western grain crops. Grain receipts at Winnipeg at present are running only one-fifth or one-sixth as much as in the same period of 1913. However, after making due allowance for the abnormal movement of grain in the fall and early winter, the fact remains that the volume of freight moved by the carriers is considerably less than a year ago; and it may be the part of wisdom for us to make up our minds that the prospect for regular weekly increases during the remainder of 1914 is not particularly bright.

BANKS' POSITION STRENGTHENED.

The heavy falling off in Western clearings also speaks eloquently of the dullness prevailing in that part of the Dominion. While it may be unpleasant for us to take note particularly of these developments, they constitute perhaps the most important factor bearing on the home money markets. For many of the important industrial and mercantile customers of the banks are turning money into the banks, instead of drawing it out as is their wont. Instead of putting in urgent applications for increased credits or loans, these parties are accumulating special deposits or steadily reducing their bank lines, as a result of the change in trade conditions. The process must necessarily steadily strengthen the position of the banks as regards cash reserves. It is almost certain that the strengthening process has now been carried far enough to remove practically all danger of the banks being confronted with a situation which they could not handle.

Call loan rates in Montreal and Toronto are still practically on the 5½ p.c. level. The expected further reduction in rate has not so far materialized; and it appears that some important banks are still charging 6. Commercial paper is discounted, as in the recent past, at from 6 to 7.

EUROPEAN SITUATION.

The London bank rate is held at 3 p.c. In the market call money is quoted 1½ to 2 p.c.; short bills, 2¼ per cent.; and three months' bills, 2⅝ per cent. The Bank of France quotes 3½ p.c. as against 2¼ quoted in the private market at Paris; and the Imperial Bank of Germany quotes 4 while the private rate is 3⅝ p.c.

Although public opinion in the United Kingdom is greatly stirred over the killing of Benton by the Mexican constitutionalist leader, the affair has not greatly affected the British or other European money markets. There has been a slight hardening of discount rates; but that may have occurred as a result of other developments. It is generally recognized in Britain that there is scarcely any chance of the episode causing serious complications with the United States. The Washington Government is taking all possible means, short of intervention, to satisfy the British requirements. It is quite within the possibilities that Villa's action in this case may force the Americans measurably nearer to the intervention point; inasmuch as it furnishes striking evidence that all parties actively participating in the Mexican imbroglio are on practically the same basis as to the shedding of blood, and acts of violence.

NEW YORK POSITION.

Call money in New York ranged from 1¼ to 2 p.c.; the ruling rate towards the week-end being 1⅞. Time loans have been a trifle firmer: sixty days,