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THE GENERAL FINANCIAL SITUATION.

Keen competition developed in the gold market in London when the weekly consignments from the African mines were offered for sale. The amount was somewhat larger than usual—\$5,000,000. India took \$500,000, France \$1,000,000, and the balance—\$3,500,000—passed into the possession of the Bank of England. The financial and political disturbances in Europe are responsible for some excited fluctuations in foreign exchange, accompanied by extensive movements of gold from one market to another. Paris and Berlin are the two markets most affected, and London and New York have extended assistance to them. The gold export movement from New York to Paris has already assumed important dimensions and it may ultimately cause interest rates on this side the Atlantic to rise. The assistance rendered by New York to Berlin was mainly in the form of loans or advances to the Berlin bankers; and it appears that the transfers to Paris are of the same nature.

But it is to be remembered that Paris has large

amounts of funds in outside markets; and in some measure the movement of gold to France represents recall of their own funds by French bankers. This is particularly the case in regard to French monies in Berlin. One feature of the trouble in France has been the disposition manifested by small investors to hoard gold. Fear of war was responsible for this. In Berlin the trouble was aggravated by the quarterly settlements. The combination of circumstances had a prodigious effect upon the balance sheet of the Imperial Bank of Germany published at the beginning of the week. The changes shown were record-breaking in amount. Loans and discounts increased \$144,000,000; note circulation expanded \$154,000,000; and cash decreased \$30,000,000. And the expansion of loans and discounts follows an expansion of \$61,000,000 in the preceding week. These figures far exceed any changes hitherto shown by the Reichsbank in a single week. They represent the financing of the quarterly payments and also they represent the measure of assistance given by the central institution to banks and other institutions during the crisis. Under the German system the other banks all lean on the Bank of Germany for support in a crisis.

It is the general opinion that these tremendous efforts by the German bank have served to provide sufficiently for Berlin's troubles; and it is expected that when the Bank of France gets through with the bourse settlements this week European money rates will find a lower level. As a matter of fact they have already begun to recede. Call money in London is 2 to 2½; short bills 3¾; and three months' bills 3¾ to 4 per cent. Bank rate is unchanged at 4 per cent. At Paris bank rate is 3½ per cent., and market rate the same; at Berlin the market rate for discounts is 4, and the rate at the Bank of Germany is 5 per cent. Interest rates in New York are not much changed. Call loans 2 per cent.; sixty day loans, 3¼ to 3½; ninety days, 3¼ to 4 per cent.; and six months, 3¼ to 4 per cent. The statement on Saturday of all clearing banks in New York showed loan contraction of \$5,400,000, cash loss of \$4,500,000. The excess cash reserve stands at \$21,624,000, a decrease of \$2,670,000 from last week's figure. In the case of the banks alone the loan contraction was but \$139,000, while the loss of cash was \$5,800,000, and the decrease of surplus, \$3,935,000. Their surplus stands at \$19,118,000. Movement of funds from New York to the interior has proceeded actively during the week. This, taken with the export of gold to Paris, is expected to reduce the bank surplus in New York. However, the liquidation in Wall Street has been very heavy and the speculative demand for funds is at present very light. So there is considerable doubt as to whether interest rates will rise further. The market received with indifference the inauguration of the much talked of strike of the shopmen on the Harriman railways. That strike, according to the best opinion, was a senseless proceeding and is doomed to certain defeat. The