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THE GENERAL FINANCIAL SITUATION.

Nothing sensational developed during the week in the international money markets. Such changes as occurred in rates of interest are not of great importance. The Bank of England continues its 3 p.c. rate, and continues to gain gold week by week. In the London market the slight hardening in rates noted a week ago has disappeared; and the quotations for the respective maturities are now as follows: Call loans 2 1-4 to 2 1-2; short bills 2 3-8; three months, 2 1-8 to 2 3-16. In all these cases except that of call loans the prices are distinctly under last week's.

At Paris the market has receded again to the 1 p. c. figure established a fortnight ago; the Bank of France remains at 3 p.c. Both market rate and Bank rate in Berlin denote unchanged conditions—the former at 2 1-2, the latter at 3 1-2. A feature of this week has been the marked movement of exchange at the principal markets, including New York, in favour of London. Experts speak of the reason for this as not being apparent, but it is altogether likely that the maintenance of the 3 p.c rate by the Bank of England and accumulation of surplus capital at the other centres are in some way at the bottom of it.

Rise of sterling exchange at New York took place in spite of remittance of English funds to cover subscriptions to the New York city loan of $10,-000,000. Possibly the European sales of United States stocks induced by the upset in the iron and steel trade have been larger than is currently believed; they would be calculated to cause a considerable demand for sterling exchange.

On this side the ocean there is a marked disposition to believe that the cuts in prices will result very shortly in stimulating trade quite materially; and there are many who think that good crops this coming fall will signalize the return of something like boom times. European investors and speculators seem more disposed to think the depression will be of longer duration. Time alone will decide which of these opinions is correct. Much can be argued on either side.

Money rates in New York show no very great change from a week ago. Call loans are 1 3-4 p.c.; 60 days, 2½ to 2¾; 90 days, 2¾ to 3; and six months, 3 p.c. Last Saturday the associated banks lost about $5,000,000 in cash—chiefly through the completion of the repayments of Treasury deposits and through moderate-sized shipments of gold to the Argentine Republic; but, as they reduced loans a like amount and deposits $10,000,000, the reduction in the surplus amounted to but $2,300,000, leaving that item $13,345,850.

Nothing of great moment confronts the money market in the immediate future, except the prospective security issues of some of the big corporations. Not all of these will require the provision of altogether new money. Thus in its annual report just made public the Pennsylvania Railroad Co. announces that bond or stock issues will be necessary to retire $60,000,000 of short term notes maturing in March, 1910, and $20,000,000 of general mortgage bonds maturing July, 1910. What will obviously happen when a new security issue is made for this $80,000,000 item is that many holders of the existing obligations will simply exchange them for the newly issued ones. The Pennsylvania balance sheet gives the cash on hand, as at 31st December, as $56,025,897; and it is referred to as being ample for construction and improvement purposes during the current year.

It is more or less of a certainty that one of the far-reaching effects of the price adjustment now going on in the metal trades will be to cause the railroads and other big users of iron and steel to devise extensive plans of construction and improvement to be carried out during the years immediately ahead. Quite probably little may be heard of these plans for perhaps a year to come; but when they do appear on the boards some large borrowing by way both of bonds and stocks will doubtless be necessary.

In Canada, though no change has occurred in the quoted rates for call loans—they being given as 4 and 4½ p.c. as formerly—it is said that some special loans have been made on bond transactions as low as 3½ p.c. It is rather doubtful if the general rate will go lower, however, for in March and April the banks are commonly met with an expanding demand from their commercial customers for loans. But it is to be remembered that in the past season the banks have not been the only factor in the home money markets. Judging by the figures in the January bank statement the moderate boom in stocks which occurred in that month was financed to quite an extent without extra recourse to chartered bank loans.

In commercial circles the third important settling