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THE GENERAL FINANCIAL SITUATION.

The Bank of England secured most of the $3,000,000 new gold which was offered in London on Monday. The 5 per cent. bank rate continues in force. In the London market rates are off a shade. Call money is quoted at 4½ to 4¾; short bills, 4⅞ to 4 15-16; and three months' bills, 4¾ to 4 13-16. The Bank of France quotes 4 and the Imperial Bank of 6. Private rate at Paris is 4, and at Berlin, 4⅞.

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Resumption of hostilities in Turkish territory was faced by the principal European markets without serious loss of equanimity. The impression appears to prevail that the war will not be prolonged. In fact as soon as the attack on Adrianople was resumed reports were current to the effect that Turkey would grant everything the allies had demanded. Neither side has much to gain through protraction of the struggle. The great powers are certain to exercise strong pressure on the belligerents to induce them to compose their differences; because the continuation of the war for an indefinite time would threaten to reopen several vexed questions involving Austria and other powers.

In the meantime hoarding is still going on in France and Germany. In the former country it is said that gold has disappeared entirely from circulation and that it cannot be procured at any of the banks without paying a premium—which means that the paper money issued by the Bank of France is depreciated. That state of affairs always causes prices of commodities to rise—because the prices are expressed in the depreciated currency. When any parties in France have occasion to pay debts due to outside countries the evils of a depreciated currency strike home—for the price of exchange expressed in paper is sure to be high. The Bank of France is generally regarded as the strongest of the European state banks. It has an immense store of gold in its vaults. Yet we see that the building up of a powerful central institution with a monopoly of note issue rights has not saved the country from the evils of a depreciated currency.

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In New York, call loans are 2⅞ pc.; sixty day loans, 3½; ninety days, 3¾ to 4; and six months, 4¼ p.c. Continued heavy expansion of loans, combined with the gold export movement served to reduce the surplus reserves of the clearing house banks. According to the Saturday statement, loans increased $25,800,000; cash decreased $4,100,000; and surplus reserve decreased $5,340,000—from $21,465,000 to $16,125,000. In the case of the banks alone the loan expansion was $10,000,000; the cash loss was $5,060,000; and the decline in surplus $6,020,000.

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Foreign exchange still rules strong and as Paris is making every effort to draw gold the expectation is that more will go to that centre. Possibly there will be further shipments to South America, too, for account of London. Notwithstanding the outgo the money market in New York is characterized by great ease, as the above quotations show. So it is to be presumed that the bankers consider the available supply of funds amply sufficient for the needs of the immediate future. The pessimism prevailing on the stock exchange has been so deep as to reduce to the minimum the demands from that source. And the unsettlement and fear created among the investment classes by the attitude of the federal and state governments towards corporations is apparently checking the business improvement which had begun. If the check to business activity develops into a pronounced reaction the credit demands of industry and trade will be sensibly reduced.

It appears probable that if the present campaign against the corporations is carried much further it will lead to the withdrawal of European capital on a vast scale.

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Although money rates in Canada are practically unchanged—call loans in Montreal and Toronto being 6 to 6½ p.c.—the complaints about monetary strin-