

a big idea, and such a combination, if it is actually brought into being will make other shipping combinations appear very small beer indeed. Unfortunately, its very size will increase its difficulties

#### **White Star Line and St. Lawrence Route.**

Rumours are again afloat of strained relations in the Canadian trade, consequent upon the advent of the White Star upon the St. Lawrence route. The Allan line, it appears, has protested that the White Star's action is an infringement of the terms upon which the trade has been marked hitherto. A rate war is not considered within the bounds of possibility, as it is anticipated that the Allan Line's protest will be considered at a forthcoming meeting of the North Atlantic conference.

A sign of the times is the registration of the first British Aeroplane Company. It is modestly capitalized at £5,000, and the promoters have taken the precaution of making a special arrangement for the division of profit when the dividend exceeds 200 p.c.

METRO.

## **The General Financial Situation.**

### **A PERIOD OF MARKING TIME.**

**London Attracting Gold—Berlin Bank Rate Lowered  
—New York Trust Companies Reduce Deposit Rates  
—Canadian Stock Markets Active after Steel-Coal Decision.**

The European money markets appear to be settling into a period of dullness. Though the case at London did not appreciably increase during the week, softness became more apparent at both Paris and Berlin. Cash reserves in the Bank of England are tending to increase steadily owing to the 3 p.c. rate. Reduction from that level depends on what the bank directors wish to accomplish. If they desire to establish the London gold holdings permanently on a higher basis the rate might be continued longer than the market is now expecting. But if all that is wanted is to bring the reserve into favourable comparison with preceding years then it probably will not be long before 2½ is quoted.

#### **Money Market Rates in Europe and America.**

Call money in London is 1¾ to 2, a shade higher than last week; short bills have advanced slightly to 2¾; and three months bills to 2¼.

Open market rates in Paris receded further, and 1 p.c. is now quoted as against the 3 p.c. registered at the Bank of France.

In Berlin the week was marked by a reduction in the Imperial Bank of Germany's official rate from 4 to 3½. A little over a year ago, in the panic, the Bank of Germany's rate was 7½. On 13th January it came down to 6½; twelve days later to 6, to 5½ on 7th March, to 5 on 27th April, to 4½ on 4th June, and to 4 on 18th June. In the last few weeks the bank has been hopelessly out of touch with the Berlin market. This week's move is in the direction of resuming its connection with the market. The latter is still doing business considerably below the official rate, money being quoted at 2¼, the same as last week. Doubtless because of the exceeding ease in Paris, exchange between that city and London has moved further in favour of the latter, and gold exports from

France to England may be announced any time, unless conditions change. It is curious to observe that there is little or no talk of any reduction in the Bank of France rate, notwithstanding the great disparity between it and the market. The big institution apparently is satisfied to "stand by" and watch the course of events.

No change of consequence occurred in the two Canadian money markets—call loans being still quoted at 4 and 4½.

Neither was there any material change in the money situation at New York. Call loans are 2¼, the same as a week ago; 60 days 2½ to 3¼; 90 days 2¾ to 3; and six months, 3 p.c. Last Saturday's bank statement proved rather uneventful—the reduction of \$8,000,000 in loans with its consequent pulling down of the deposit liability, serving to a little more than offset the cash loss of \$4,000,000. The surplus increased \$295,000, and stands at \$10,205,225.

#### **Trust Companies Reduce Rates on Deposits.**

During the current week the banks are said to have begun to return the Government deposits called for 24th February. No profitable employment offering for the funds, they are glad to get rid of them ahead of time and save the 1 p.c. interest which is now to be paid on Treasury balances. Most of the \$30,000,000 now recalled has been held by interior banks; but the New York clearing house banks, of course, are putting up a large part of the actual cash through honouring the drafts drawn by their interior correspondents.

One very interesting result of the new trust company reserve law was observed to be working this week. Savings banks and other banking institutions, which have been in the habit of keeping large balances on deposit with the trust companies, have hitherto been allowed interest thereon at 3 p.c. This week there was quite a general mailing of notices by the trust companies informing the recipients that in view of the much larger cash reserves required to be carried under the new law the interest rate would be cut down to 2½ p.c. Some trust companies are said to have also reduced rates of interest paid to general or individual depositors. These reductions are nothing but natural. Obviously the depositaries cannot pay so high a rate of interest when they are permitted to use a smaller proportion of the deposits received. Though the savings banks and other depositors thus experience a loss of revenue the general financial situation is unquestionably sounder because of the change.

#### **Effects of Steel-Coal Decision on Canadian Markets.**

In the Dominion the event bearing most strongly on the financial situation was the Steel-Coal decision. Handed down last week its action on our finances has been more apparent this week. Firstly there are to be considered the large capital payments necessary to be made by the Coal Company to the Steel Company. It will likely be some while yet before these are to be financed, and it is just possible that arrangements may ultimately be made for the transfer of a minimum of actual cash. But it is reasonably certain that some heavy loans will have to be negotiated in connection with the settlement.

Then, secondly, the speculative excitement, en-