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AN IMPROVED SENTIMENT.

The events of the week have been decidedly encouraging for Great Britain and her allies. In Northeastern France the military developments are decidedly of a nature to hasten the coming of the end of the war. It is necessary to bear in mind that one of the principal objects of Anglo-French strategy has been to keep a huge force of first-line German troops at close grips in Belgium and France and in that way facilitate the task of the Russians in conducting the invasion of Germany. The allies in Western Europe have more than attained this object. They have kept the Germans from using all their forces against Russia, and they are now in the way of gaining decisive mastery over the German invaders. The course of events makes for the restoration of confidence in financial quarters. Already the sentiment is much improved not only at London and Paris but also at New York and Montreal.

GERMAN GOVERNMENT'S LOAN.

On the other hand the news as to how the German Government succeeded in getting its great war loan taken up represents fairly satisfactory evidence that the enemy is already in straitened circumstances financially. It appears as is described elsewhere in our article dealing with the financial position of the war-

ring nations, that the Government appropriated 25 per cent. of the deposits held by the banks—the process doubtless being for the bankers to notify every one of their depositors that their accounts had been debited with \$250 out of every \$1,000 balance, and the funds handed over to the German Government in exchange for war bonds at 5 p.c. At the same time, German importers who had purchased goods from other countries, the payment for same not having been completed were required to pay the debts to their own Government and notify the foreign creditors to the effect that the money due them had been invested in the German war loan. These extraordinary efforts, taken in conjunction with the attempts to extort tribute from various Belgian cities, lead to the conclusion that all is not well with German finance.

NEW YORK GOLD POOL.

The New York bankers are said to be making headway with their \$100,000,000 gold pool for meeting American obligations abroad. There is an active discussion as to whether further shipments of gold from the United States are really necessary. The Financial Chronicle, one of the leading journals, urges that no more gold be exported. It advocates meeting the foreign-held obligations by means of borrowing in London, remarking that the principal American bankers could easily borrow \$100,000,000 in Europe even under present conditions, and that the loans could be repaid through shipments of produce. In this way it is argued, the exchange situation could be improved just as well as if credits were established in London through exporting gold. But banking critics here are disposed to think that London would not welcome American borrowings for that purpose at the present time, since it is gold that Europe wants. The probability is that the arrangements for the gold pool will be carried ahead, and perhaps it will be in operation shortly. In the meantime there was a sharp rise in demand sterling at the beginning of the week. Cables sold at \$5.02 and demand drafts at \$5.01 as a result of heavy demand from parties having large obligations to meet in London early in October. It is said that a large amount of 90 day bills issued just before the war are now maturing and the drawers of the bills are under the necessity of providing funds for meeting them.

SIR WILLIAM MACKENZIE'S OPTIMISM.

With reference to business conditions in Canada, the remarks of Sir William Mackenzie on his arrival the other day at Winnipeg after a trip to the end of the C. N. R. track, 300 miles west of Edmonton, served to raise expectations as to the extent of the yield in the Western Provinces. Sir William said that along the main line of his railway there are no districts in which the crop failed entirely; and he further expressed the opinion that the output would be a pleasant surprise. Whether this happens or not, it can be said that the new wheat has been coming on the market in heavy