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THE GENERAL FINANCIAL SITUATION.

It was known last week that the Americans would endeavor to secure a goodly part of the Cape gold due to arrive in London on Monday. According to reports the New York bankers made tentative agreements in advance for a large portion of the incoming metal.

The arrivals on Monday amounted to \$3,000,000. India get \$250,000; and \$2,250,000 were taken at once for New York. Next day the balance—\$500,000—was also taken by the New York bankers. The big American metropolis is finding the crop movement this year exceedingly exhausting. An extraordinary amount of currency is required to take care of the huge yield of cereals. London looks with some apprehension upon the drain of metal to America. The European demands for funds are by no means small, and it seems probable discount rates abroad will show a rising tendency in October and November. In the meantime Bank of England rate is 4 p.c. In the London market call money is 2½ p.c.; short bills are 3½ p.c.; and three months' bills, 3¾ per cent.

At Paris and Berlin the private rate has risen to 3 p.c. in the former city and to 4¾ in the latter. Bank of France rate is 3 and the German bank quotes 4½. It will be seen that in both the continental centres the private rate of discount has risen practically to the level of the official rates hitherto quoted by the central bank. When the bank rate is merely equal to the private rate, and when it is lower than the private rate, the state institutions often find themselves subjected to a serious loss of cash strength. So the business community in the leading European countries has been preparing itself for a rising Bank rate.

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In New York call loans are 6 per cent. The slow impressive rise in time money quotations still continues. Sixty day loans are 5½ per cent.; ninety days, 5½ to 5¾; and six months, 5½ p.c. Persistence in the policy of loan contraction enabled the clearing house institutions at New York to present a statement on Saturday showing substantial increase in reserve strength. Taking all members of the clearing house the loan reduction amounted to \$21,550,000; and the cash loss was about \$1,400,000. Consequently the excess cash reserve increased \$3,751,850—from \$3,619,752 to \$7,371,600.

The banks alone had to show loan reduction of \$12,846,000, cash loss of \$1,749,000, and increase of surplus \$2,371,250. Gold imports from Europe served to largely offset the drain of currency to the interior. Up to now the New York banks have been contending with the usual autumnal currency drain and with the increased demand for credits incidental to the gradual rise of American industry and trade. To these may now be added another factor. Notwithstanding the increasing evidences of the approach of an extraordinarily prosperous era, the Wall Street securities market has been held in check. Speculation has not been very much to the fore and for various reasons the market has not attempted to discount the coming good times. Last week and this, however, there have been notable evidences of activity and rising prices. It is said that a number of Montreal and Toronto operators have been transferring their activities to Wall Street in the belief that an important rise in American stocks is just getting under way. Needless to say the inauguration of a big boom in stocks at this time would greatly increase the difficulties of the New York bankers. It does not seem that they are in shape to finance it; and there is also to be considered the question of drawing gold from Europe. While the London and Paris bankers can interpose no objection to a movement of gold to America for the purpose of financing American crops, their willingness to provide the yellow metal may be lessened if New York is attempting to carry a big boom in stocks concurrently with the harvest operations. But when the brokers and their clients believe that the railways and industrial companies are