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THE GENERAL FINANCIAL SITUATION.

On Monday this week the Bank of England secured the bulk of the $3,000,000 African gold offered in the London market. Bank rate at the British capital is unchanged at 3 p.c. In the open market money is quoted 1; short bills, 1¾ to 1⅞ p.c.; three months bills, 2 to 2⅛. It is said that the appearance of American finance bills had some tendency to harden discounts. Also the bitter political controversy regarding the Lords' veto power had an unsettling effect. At Paris discounts in the market are 2⅛ and at Berlin the market rate is 2½. The Bank of France adheres to its 3 p.c. official quotation and the Imperial Bank of Germany continues to quote 4 p.c. On odd days some sales of Canadian Pacific stock have been traced to Berlin and are supposed to have been caused by nervousness over the Moroccan dispute.

In New York call loans are 2¼ p.c.; sixty day loans, 2½ to 2¾; ninety days, 3 p.c.; six months, 3¾ to 3⅞. The Saturday bank statement revealed a pronounced gain in strength by the Clearing House institutions. In the case of all members the loans decreased $15,200,000, the cash increased $5,700,000, and the excess cash reserve increased $7,800,000. And, taking the banks alone, the loans were reduced $12,700,000, the cash increased $7,200,000, and the surplus rose by $9,100,000 to $18,577,250. Some of the London correspondents of American papers have been expressing the opinion that Europe would be disposed to place obstacles in the way of a gold movement from London to New York in August or September. It is difficult to see how any effective opposition can be interposed by the European bankers to such a movement. It is also not easy to see why they should regard it as objectionable. The various European centres are in a strong position and moreover America is credited with possessing large balances in London. These balances, with the prospective huge exports of raw cotton and the exports of wheat, appear to place in the hands of the New York bankers the power to draw gold at will. If American finance bills are making their appearance in London they are merely anticipating by two or three months the movement of products from the cotton and wheat fields.

The heavy breaks in the price of raw cotton have created much excitement and discussion. Nobody has any sympathy for the bull speculators who vainly tried to maintain their corner. Some of them lost heavily. There is much discussion regarding the position of the cotton mills. They have had to pay 15 cents and more for the raw material for much of the manufactured goods now in their hands for sale. It is supposed now that the selling prices for cotton manufactured goods will shortly have to be based on the prices now ruling for the raw cotton. In other words that selling prices will have to go to levels implying a considerable loss on manufacturing. The Canadian cotton mills should be affected to some extent by this factor also. But on the other hand the mills should benefit greatly from the fall in cotton prices in that it enables them to buy the staple with confidence and to put prices on their manufactured goods, which will be attractive to the consuming public. The break in prices results in a loss so far as unsold goods on hand are concerned; but it means more profitable operation for a year or more in the future.

Monetary conditions in the Dominion are not much changed. Call loans are still 5½ to 6 p.c. It is noteworthy that the call loans in Canada of