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THE GENERAL FINANCIAL SITUATION.

The United States again secured a large part of the gold arriving in London at the beginning of the week. The mines had shipped $3,000,000; and $2,000,000 of this went to New York, the balance to India and the continent. Competition for the metal was less active than a week ago and the price paid was a shade lower. Bank rate in London is still 3 p.c. In the open market call money is quoted at 1 to 1¼; short bills at 2 5-16; and three months' bills at 2⅜. At Paris the market is 2 p.c. and at Berlin 3½. These figures are practically the same as those prevailing a week ago. No change has occurred, either, in the official rates of the Bank of France and the Imperial Bank of Germany, the former institution adhering to the 3 p.c. quotation and the latter to 4 p.c.

In New York the tone of the market is, if anything, a trifle harder, which is a natural enough outcome of the recovery in stock market values and the beginning of pressure from the harvest fields. Call loans range from 1½ to 1¾ p.c. with most of the business at 1¾. Sixty days, 3 per cent.; 90 days, 3¾ p.c.; and six months, 4¾ to 5 p.c. On Saturday the Clearing House banks scored a further satisfactory gain in surplus, notwithstanding the fact that their loans increased $12,550,000. An increase of nearly $11,000,000 in cash was the factor responsible for the improvement in position. The gain in surplus was $5,573,000, and the item stands now at $52,800,100, which is a very strong showing even after allowing for the fact that it is the beginning of the crop-moving season. The trust companies and non-member state banks reported a loan contraction of $3,500,000 and a cash decrease of $1,000,000. Their proportion of reserve to liability increased from 17.7 p.c. to 18 p.c. Thus both classes of financial institutions effected an important improvement of condition. With the return of a more confident feeling in speculative and investment circles, such a strong bank showing would be of much value in bringing about a higher market valuation of stocks and bonds.

As the gold engagements for America are still in evidence in London, it appears probable that imports of metal will have a tendency to offset currency shipments to the interior by the New York banks—for a week or two yet at any rate. Crop news is somewhat more favorable than has been the case in past weeks; and the earnings of the railways continue to be satisfactory enough. So, many who sold stocks under the impression that everything was going to smash immediately have latterly been more disposed to buy them back.

Another interesting item of news has come out regarding the controversy of the United States Government with the railways over freight rates. It is now said that some of the transportation companies are putting it strongly to the Taft Government that the administration must either permit the railway systems to increase their freight rates or buy out the business of the companies. That proposition is logical enough. If by interfering with the railroad business, the Government creates a set of conditions under which it is next to impossible for a number of companies to meet their obligations to bondholders or stockholders, there is a moral responsibility upon the Government to take the roads and operate them itself. We fancy that the United States Government is not prepared to go that length at the present time. If it is not it should refrain from unduly harassing the carriers.

Call loans in the Dominion are unchanged at 5½ to 6 p.c. There has been a subsidence of the complainings about monetary stringency and presumably the banks are now in a position to supply the needs of their stock-broking clients in a larger degree than was the case last month. Perhaps the low rates ruling for call loans in New York have had some effect in inducing transfers of funds from that market to this.

The increase of dividend by the Canadian Pacific Railway is one of the hopeful signs of the times. The company's revenues have been increasing very rapidly. Although the predictions of $100,000,000 in gross earnings, which were current a short time ago, did not materialize, the results were not far under that mark. Gross earnings, according to the preliminary estimates, amounted to $94,989,490, and the net earnings were $33,839,856. Net revenue available for dividends is $27,258,728; and the surplus carried forward after payment of dividends declared for the year is $13,896,000. It is quite possible that the short crop in Western Canada will have a tendency to check the ratio of increase during the current fiscal year. It is to be remembered that the Grand Trunk Pacific will be more of a factor this year in grain carrying. So, as there will be less grain to carry and more competition for the carrying of the lesser quantity, it would not be strange if the several railways ex-