remittance offered, the shipments of gold to Ottawa can be made; and until the bills of exchange against grain come forward against produce exports, they are likely to use the Ottawa method.

A REVERSE MOVEMENT.

Ultimately, however, the grain shipments, etc., from Canadian and United States ports are likely to result in a return movement of the gold from Ottawa to New York and from the Government vaults to those of the Canadian banks. With prices now prevailing the prospective exports of produce from America will yield a very large amount of exchange. Under the new arrangement it is possible that Canadian banks may not require to sell the sterling bills in the New York market when financing exports from Montreal, Quebec, or St. John. It may be the case that arrangements will be made so that the gold can be procured in Ottawa through the Bank of England. Of course, if our banks needed the exchange itself in London to enable them to meet maturing obligations of their own or of their clients, the bills would be sent over for credit of account with London correspondents.

MONEY GETTING NORMAL.

The money markets in Canada are gradually working back towards normal conditions. The prompt assertion of superiority by the British fleet has been a most important factor in restoring confidence here, in the United Kingdom, and in New York. Rates on call loans in Montreal and Toronto stand at 6 to 6½ p.c.; and commercial discount lines are being carried at from 6 to 7 p.c.

NOMINAL QUOTATIONS IN EUROPE.

Quotations here as in London and New York are largely nominal except in so far as they affect bills of exchange and trade paper. Bank rate in London stands at 5 p.c. and the market rate is the same. The Bank of France rate was reduced yesterday to 5 p.c. The German Imperial Bank rate continues at 6 p.c. In France the market rate is given as 4 p.c., as against 6 quoted in Berlin.

NEW YORK POSITION.

Call money renewals at New York were made at from 6 to 8 p.c. Time money rates are largely nominal—at 7 to 8 p.c. Mercantile paper is being taken in limited manner at from 6 to 7 per cent. In their Saturday statement the New York banks report further increase of their deficit. Loans increased $36,840,000; cash decreased, $3,800,000; and circulation increased, $22,900,000. The net result was to increase the deficit from $43,116,000 to $47,-[illegible]2,000. In case of the banks alone the loan expansion was $42,000,000; the cash loss, $8,000,000.

It must be admitted that the existence of such a heavy deficit just at the outset of the crop-moving season makes a perplexing problem for the New York bankers. One can understand that under the circumstances they would look regretfully upon any further loss of gold to Ottawa.

CANADA AND BRITISH CAPITAL.

It seems to be widely assumed that the present European conflagration means practically a total cessation of imports of British capital into Canada for several years to come. London correspondents of Canadian newspapers and the brilliant gentlemen who compose "special cables" in the back attics of Canadian newspaper offices are absolutely confident of it, though they wisely confine themselves to mere assertion; at least one illustrious professor of economics has committed himself more or less to the same position, and among business men in the street the point is in many cases taken for granted. This generally-held assumption is by no means justified by the facts and probabilities; on the contrary, there are many reasons for believing that when once the machinery of national and international finance has been got into smoothly running order, adjusted to new conditions, British capital will start a free movement towards Canada again. That movement will be within limits, of course, that is to say this new capital will have to be paid for at a stiff or fairly stiff rate; and it will only be placed in loans and enterprises which will bear the strictest investigation. The methods of get-rich-quick financing which some of our new millionaires have practised so successfully in recent years at the expense of the British investor will not get a look-in.

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It must be remembered that the wealth of Great Britain is in the aggregate prodigious. It is in fact practically inexhaustible, and although the cost of the present war will make great holes in it, and capital will be much in demand to replace present losses, yet its earnings, even under such circumstances as the present, are so large that there will continue to be a large surplus over, available for investment in Canada. It must be remembered that industry and production, which will be mostly affected by the present war, do not represent the total investment power of a country like Great Britain. An immense amount of Great Britain's wealth is among classes who have inherited it, who live on the proceeds of their investments and steadily add to them, and who are in many ways unaffected by the fluctuations of industry and production, or but slightly affected. These classes are directly affected most by higher taxation and the higher cost of necessities and of living generally. They get back on this by insisting upon a higher return from their investments, which they can obtain in Canada.

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In recent years a good deal has been heard of the preference which has been accorded to Canadian flotations in the London market. Within the last year or two, perhaps, that preference has been wearing rather thin, for the simple reason that we have over-done our borrowings, and in cases which need not be particularised, have grossly imposed upon