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THE GENERAL FINANCIAL SITUATION.

The Bank of England secured the $2,500,000 of Transvaal gold arriving on Monday. The official discount rate of that institution was left unchanged at 3 p.c. In the London market conditions tend rather towards ease. Call money, 2 to 2½; short bills, 2⅛; three months' bills, 2⅛ to 2 3-16.

Open market at Paris is 2¼ and at Berlin 3⅜. The Bank of France and the Bank of Germany adhere to their existing rates—3 p.c. at the former institution and 4 p.c. at the latter.

Some intimations have come from well informed European financial quarters that the United States railway and other corporations must not expect that an unlimited market for their bonds will be found in Europe. As a matter of fact there is plenty of material in the existing situation in America to cause investors on the other side of the Atlantic to move carefully in the matter of buying United States bonds and stocks. The political situation as it refers to financial affairs is far from satisfying. There seems to be a great deal of doubt and much confusion of opinion as to the probable outcome. During the week confirmation has been received of the reports of railroad curtailment. In the North Western states and in other sections of the country the transportation companies are discharging employes and ceasing work upon betterments and new construction instituted by them. This in spite of the fact that a very large wheat crop is on the way. It seems highly unfortunate that the political situation has drifted into a state which causes the railways, in the interests of their proprietors, to take action which is directly opposed to the interests of the great industries of the country.

On Saturday the New York clearing house institutions added another quota to their surplus reserves. Their loans increased $3,600,000, but, as the cash holdings were enlarged by more than $6,700,000, the increase in reserve exceeded the increase in reserve requirement by $4,062,000. The surplus now amounts to $28,552,000. It is gradually mounting to respectable proportions; and it is to be hoped that the process of strengthening up will be continued well into the summer, as the monetary problem for New York to solve this coming fall has its difficulties. The trust companies and non-member state banks reported insignificant changes in loans and cash, and their proportion of reserve to lability remained unchanged at 17.2 p.c.

Call loans in New York are steady at 2½ to 3 p.c., the ruling rate being about 2¾. Time money is reported as easy for short periods and firmer for long dates. Sixty days, 3 p.c.; ninety days 3 to 3¼; six months 4¼ to 4½. Some alarming crop reports were circulated early in the week but the market paid little heed to them, as they bore the marks of exaggeration.

The monetary situation in Canada continues to furnish interesting developments. Call loans remain nominally at 5½ p.c., but that does not mean that the brokers can go to any or all of the banks and get what they want at that rate. Reports from Toronto are that the banks are still manifesting a strong disposition to recall funds from stock brokers. And it is to be observed that the Montreal bankers also are ready enough to accept payment of loans based on market collateral whenever it is tendered.

Under ordinary circumstances there should be some relaxation in the stringency here during July, for the reasons enumerated in last week's article in THE CHRONICLE. If the monetary pressure continues to make itself felt during the quietness of midsummer it will probably be taken as a sign that higher rates will prevail in September and October when the large Western wheat crop comes on the market. Notwithstanding the many evidences that the financial markets here and in Toronto have been called upon to absorb an unusually large amount in new securities of a Canadian origin, there are still a number of new flotations of importance coming forward. The merger of two important mercantile establishments in Toronto with capitalization of $3,000,000 is said to involve the placing of $1,500,000 of new securities among the public. Also a new flour-milling organization, to be composed of mills in the Western States and in Western Canada, asks for subscriptions to a new issue. With this latter concern's entrance into the flour milling business on a larger scale, there are now five new milling companies in Canada operating on capital supplied in large part by public subscription. It is not perhaps to be wondered at that all this new competition should have a tendency to depress the price of Lake of the Woods and Ogilvie Flour Mills common stock. Not so long ago those two well established companies stood alone, in that they were the only two large public milling companies in the Dominion.