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Banking, Insurance and Finance

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THE GENERAL FINANCIAL SITUATION.

The Bank of England secured the bulk of the \$4,250,000 new gold offered on Monday. The five per cent. bank rate is still in force in London; and it is generally considered that the political uncertainties incidental to the endeavors of the powers to coerce the Montenegrins may stand in the way of a speedy reduction. Rates have fallen in the open market. Call money is 3 to 3½; short bills are 4½; and three months' bills, 4¼. On the Continent also the tendency has been downwards. Bank rate at Paris is held at 4 p.c.; and the Imperial German institution quotes 6. But the private rate at Berlin has fallen to 4¾; and although the private rate at Paris is at last week's level—4 p.c.—the easier tendency has been noted there also. The underlying cause of the better feeling in European monetary circles is undoubtedly the reaction following the April settlements. In Germany especially the effort to provide for the quarterly payments strained the markets severely. Now that the settlements are all completed funds are flowing back into the great central

reservoirs, loans are being reduced, and the situation is working back to normal.

* * * *

In New York call loans are 3¾ per cent.; sixty day loans, 4½; ninety days, 4½ to 4¾; and six months, 4¾. The clearing house institutions at the big American centre experienced an important loss of reserve strength as shown at the end of the week. The banks and trust companies taken together reduced loans \$588,000, and lost \$5,500,000 cash—the net result being a decrease of \$5,539,000 in surplus reserve. The item thus fell to \$10,222,800. The banks by themselves had to report a loan expansion of \$15,723,000 and a cash loss of \$2,857,000. Their surplus fell \$6,118,000—to \$9,941,500. Apparently this loss of surplus was largely due to the financing incidental to the April dividend and coupon payments. And it is expected that when the figures for the current week are available an important return flow of funds will be disclosed.

* * * *

Wall Street has taken with comparative calmness the assembling of Congress for the purpose of enacting the long-talked of revision of the tariff. It has also taken calmly the actual announcement of the cuts which the Democratic administration proposes to make in the various duties. The experts believe that the trade of the Republic will be profoundly affected by the fiscal changes now proposed. It has been the aim of President Wilson and his colleagues to reduce the cost of living in the United States, and to introduce competition in a number of industries which have been monopolized by the trusts. The Democrats have a large majority in the House of Representatives and the bill will presumably go through there without trouble. But in the Senate the parties are more evenly balanced; and some observers think it may be necessary for the party leaders to consent to some important amendments before they can force it through the upper house. However, the President is very anxious to get this legislation through untrammelled; and there is no doubt he will use his power and influence to the constitutional limits in the effort to get it through. So it appears very likely that the main features of the revised tariff will stand. Great Britain and Canada stand to get a greatly enlarged market for some of their important products. Even at the existing rates of duty, British manufacturers were able to sell large amounts of certain lines to the United States. With the duties on many other articles cut more than 50 per cent., British exports to the States are likely to increase enormously. Especially in cottons and woollens should the British trade show marked expansion. Steel rails are to be made free; but it is said that American railways will likely continue to buy from the home plants for the reason that the rails produced at home are superior to the foreign rails.