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THE GENERAL FINANCIAL SITUATION.

In the absence of outside competition the Bank of England secured the $3,000,000 new gold offered in London this week. Rates of discount in Europe have fallen and the monetary tension has sensibly relaxed. The 4 p.c. Bank of England rate continues in force. Probably a reduction will be expected by the market interests in a short while. But in the meantime the Bank has been obliged to send considerable amounts of gold to Egypt, Turkey, and other countries, and until the extent of this demand is known the court of directors will not be disposed to move precipitately in reducing the official rate. In the London market call money is 1½ to 2 p.c.; short bills are 3¾; three months' bills, 3⅞. Bank of France rate is as yet held at 3½ p.c. and discounts in the Paris market are at the same figure. The Bank of Germany is maintaining its 5 p.c. discount rate; the market rate of discount in Berlin is 4⅛ p.c. Following the abnormal expansion of its loans and circulation at the end of the quarter, the Reichsbank this week reported an important movement of contraction. Its circulation decreased $62,000,000 while loans and discounts were reduced by $75,000,000. Conditions at Berlin and at Paris are expected to show improvement. But it is quite possible that all three of the great European markets will require a period of rest. They will not be disposed to resume issues of new securities on a large scale until the congestion recently created is cleared away.

New York also appears to have entered a period of comparative dulness. The Wall Street market has not experienced such violent fluctuations. Demand for call loans continues slack. Interest rates on call loans, 2¼ p.c.; sixty day loans, 3¼ to 3½; ninety days, 3½ to 3¾; six months, 3¾ to 4 p.c. The Saturday bank statement disclosed a considerable loss of strength, the result, chiefly, of the cash loss of $7,300,000, sustained by the clearing house institutions. There was also, for all members, a loan expansion of $1,165,000; and the net result was a decrease of $7,300,000 in the excess cash reserve. The excess, however, still amounts to $14,300,000. The showing made by the banks alone was more unfavorable than this. They reported a loan expansion of $13,494,000 and a cash loss of $7,354,000; and the surplus dropped $8,700,000.

Notwitstanding this loss of cash and of surplus strength the monetary situation causes no apprehension in the American metropolis. The bankers are hoping that a considerable amount of gold will be exported so that interest rates will be prevented from falling to very unprofitable levels. The movement of cash to the interior for crop-moving purposes is in full progress. With gold moving to Europe also, the surplus supplies which have depressed the money market should be in some measure removed. However, if there is to be a depression in trade the effects of these movements will be but temporary. By the turn of the year the harvest money will be flowing back to New York and perhaps the market for European exchange will be much affected by the heavy export of cotton and other produce and by the repayment of the loans recently made to Berlin by the New York bankers. The iron and steel industry on the other side of the boundary is seriously depressed. Prices for the various forms of iron and steel are low and the unfilled orders on the books of the United States Steel Corporation show an important falling off. So far as the railroad strikes are concerned they promise to end ingloriously and unprofitably for the strikers. The unions, instead of gaining anything by striking, will perhaps lose something which they had before they went on strike. News dispatches state that the Harriman lines have seized the opportunity to proclaim the open shop. And the success of the railways will perhaps deliver