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Banking, Insurance and Finance

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LIQUIDATION.

While money market conditions in Canada have not shown any decided improvement—call loans in Montreal and Toronto being still quoted at 6 to 6½ p.c.—it can be said that the banks have been relieved to a considerable extent from the pressure of demands from the stock exchanges. This does not mean that stock exchange houses have no further need for new loans. From time to time those houses which had committed themselves definitely to transactions of more or less importance are compelled to make a reluctant appearance in the banking parlors as seekers of loans. Whenever such an event happens, however, the unlucky applicant cuts his requirements down to the barest minimum, both as to time and amount.

CONSTANT LIQUIDATION.

But these are the exceptions. It is impossible for the financial machine to come to a dead stop all at

once. At present the financial houses are showing no disposition to enter into new undertakings calling for extensive loans. And there is positively no desire among bull speculators to take on large lines of stocks, notwithstanding the reduced prices presently in evidence. The tendency is, in fact, all the other way. Nearly everybody is thinking of selling. It is not exactly comfortable to have large liabilities when the international money markets are in severely strained condition. So there is more or less constant liquidation going on. The average speculator sells a little of his holding from time to time when the market is reasonably favorable; or his broker sells some in order to restore a depleted margin. The money is turned into the banks, serving to reduce the brokers' loans. And from day to day special loans mature, in which financial houses are involved. Every effort is made to reduce them or pay them off.

ADVANTAGES OF A SOUND BANKING SYSTEM.

In this way the position of the banks and of the home markets is undergoing steady improvement. It is a great blessing that the banking machinery is recognized as strong and efficient. If we had a different system it is quite clear that there would be serious danger of a breakdown—for everybody would be looking apprehensively towards the banks, in expectation that they were on the point of putting an embargo on cash payments (as the United States banks are in the habit of doing) or that some of the big ones were on the verge of bankruptcy. When, as in Canada's case, there is no need for anxiety on this score, the problem is vastly more simple and easier to handle.

EUROPEAN DEVELOPMENTS.

The bulk of the new gold offered this week in London—amounting to \$4,250,000—was again taken by Germany. Bank rate at the British capital is 4½ p.c. as heretofore. In the open market call money is 3 to 3½; short bills are 4¾ p.c.; three months' bills, 4 5-16 per cent. The levels thus shown are distinctly higher than those obtaining a week ago. It is to be noted too that the English banks have raised their deposit rate to 3 p.c. Their action in regard to deposits indicates an opinion that the comparatively high rates of discount have some degree of permanence or endurance. It may also be taken as an indication that there is no immediate prospect of a reduction in the English bank rate. At Paris bank rate is 4, market rate, 3¾; and at Berlin bank rate is 6, market rate 5¾. Apparently the Berlin banks have made the arrangements necessary for tiding themselves over the half-yearly settlement. And the coming of July should mean a decided improvement at that centre. The Balkan states continue to squabble among themselves. Their obstreperous conduct since the close of the Turkish