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THE GENERAL FINANCIAL SITUATION—MONEY RATES RECEDING.

Discount rates receded during the week at all the important international centres. In London the Bank of England rate has been reduced to 2 1-2 per cent. Open market quotations in London are: for call money 1 1-2 to 2 p. c.; short bills 1 5-8; three months' bills, as low as 1 9-16. All of these figures are below last week's rates; in the cases of the short bills and three months' bills, the fall is expressed by quite a large fraction. The weakness has been brought about by the heavy drift of gold towards London. New York's contributions—in the way of shipment to Argentine for British account and of direct shipment to London itself—have figured largely in bringing this to pass.

A substantial fall in the Paris market rate was also seen—from 1 9-16 to 1 1-8. The Bank of France, however, maintains its 3 p. c. quotation. Bank of Germany also holds its 3 1-2 per cent. rate intact, but the Berlin market eased off a quarter to 2 5-8. These reductions are eloquent testimonials as to the force of the trade depression both in Europe and America. They result directly from the piling up of gold and resources in the hands of the big lending institutions; and the abnormal accumulations of gold are primarily caused by lack of demand for credits for use in industry and trade.

No change has occurred in the quoted rates for money in Canada. Call loans at Montreal and Toronto are still 4 and 4 1-2. Money market conditions were affected at the beginning of the week by the agreement reached by the Steel-Coal disputants regarding the settlement of the damages question. Quite an increase took place in the dealings in securities of the two companies, and an important rise in the quotations for them. However, it is hardly likely that this ebullition of speculation will equal the February movement (which followed the Privy Council's decision) in its effects upon the call loan accounts of the banks. There are now plenty of holders of both Steel and Coal who are not exactly sure whether the current year will be satisfactory in point of profits, apart from the special incident of the damages, and who will be quite ready to sell rather heavily on any advance in price. Then there is the alleged loss of 30 cents per ton on all coal supplied by the Dominion Coal Company to the Steel Company.

The New York money market has again been characterized by extreme dullness. In all classes of market loans, rates are practically the same as a week ago. Then, call loans were 1 3-4; now they are quoted at 1 3-4 to 2 per cent. Time money is quoted: 60 days' 2 1-2; 90 days' 2 1-2 to 2 3-4; six months' 2 3-4 to 3.

Last Saturday, the loans of the associated banks in New York City increased $10,200,000, supposedly in connection with preparations for financing the large dividend and coupon payments due 1st April. As the loan increase was accompanied by an increase in deposits of $8,500,000, and by a small decrease in cash, the net effect on the surplus was to cut it down by $2,800,000. It now stands at $16,563,175. In the financial district it is expected that the Washington Treasury will very shortly make a call on the depository banks for $25,000,000 of the government balances. These now aggregate about $55,000,000, and the withdrawal of the amount mentioned would reduce them to $30,000,000, which would represent a low-water mark for a number of years. Considering the well known state of the money market, it will be understood, of course, that no apprehension is felt as to the ability of the banks to spare the funds. It is hardly expected, even, that the operation, if it materializes, will have any appreciable effect in stiffening interest rates. Some of the bankers had hoped that the export movement of gold to London would reach such proportions as to harden the New York rates. They based these hopes on the expectation that the London joint stock banks would sequestrate a large amount of gold in their vaults as reserve. But apparently that is not taking place to quite the extent which some thought probable; and the New York gold, instead of making money dearer in the big American centre, has smashed down the quotations in Europe. As the London interest rates went down so sterling exchange declined in New York, and the gold export movement came to an abrupt termination, for the time at any rate.

If no better rates of discount are to be had in London than in New York, international banking houses lose one incentive for transferring their funds across the ocean.

Reports from the iron trade indicate that the drastic cuts in prices are now producing a very sub-