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THE GENERAL FINANCIAL SITUATION.

The Bank of England again secured the bulk of the African gold offered in London on Monday. The shipments from the mines aggregated $2,500,000. The 4 p.c. bank rate was continued in force. It is said that French buying of English bills has been extensive during the week. In the London market call money is quoted 3½ to 3¾; short bills are 3¾; and three months' bills, 3 11-16 p.c. At Paris discounts in the market are 3¼ p.c.; and at Berlin the market rate has fallen to 3⅛ p.c. London is now distinctly the dearest of the three markets. Bank of France rate is 3½ p.c., and that of the Imperial Bank of Germany 5 p.c. Considerable speculation exists as to the course which the big German banks will adopt in regard to their loans from New York and Chicago banks. Although the Berlin market is now apparently in easy circumstances, there are perplexing financial and political matters to deal with as a result of the large increase in the Socialist representation in the Reichstag. So the German banks may offer to renew some of the American loans. Money in New York is so cheap and abundant that the American bankers will doubtless be glad to continue their investment in the German loans.

In New York call loans are 2⅛ p.c.; sixty day loans, 2½ to 2¾; ninety days, 2¾; and six months, 3⅛ to 3¼. The Saturday statement showed the New York clearing house institutions to have again received enormous shipments of cash from the interior districts. In the case of all members the cash gain was $17,000,000, while the loan expansion was $28,000,000. The excess cash reserve, therefore, rose to $42,074,000—the increase for the week being $7,124,000. In the case of the banks alone the loan expansion was $20,700,000 and the increase of specie and legals, $14,200,000. The increase of surplus was $5,500,000, and the item stands at $41,365,750. It is to be remembered also that in addition to their growing surplus of reserve the New York banks have large credits in Berlin and other European centres. In the past these heavy accumulations of surplus funds at the national centre have frequently been the cause of pronounced upward movements in securities. Owners of fluid capital unable to get more than 2½ or 3 p.c. for it in the loan markets, are tempted to buy standard stocks yielding 5, 5½ and 6 p.c.; and the cumulative effect of such buying is to put stock prices up. Of course, it is said that the presidential campaign stands in the way of any revival of speculative activity; and it is just possible, if trade and industry in the States do not revive rapidly, that the surplus funds of the banks will continue to accumulate during the summer. If that turns out to be the case then it will be strange if a marked improvement does not occur immediately after the issues of the election are definitely settled.

In Canada the money situation is practically unchanged. Call loans in Montreal and Toronto are quoted at 5 to 5½ p.c. The demand for mercantile loans continues strong; and the bankers evidently expect it will be strong throughout the entire year. It is also understood that the heavy immigration movement and the steady extension of the three big railway systems result in steadily increasing demands for banking credits. When the new settlers establish themselves in their homes, they provide increased trade for the stores and business concerns in their immediate neighborhood and also for the wholesale and manufacturing concerns located in the commercial and industrial centres. Such increase of trade is, of course, reflected by increased credits granted by the banks to the customers immediately concerned. And, with reference to the matter of railway building it is well known that the banks are accustomed to advance large sums to the responsible contractors