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THE GENERAL FINANCIAL SITUATION.

The Americans did not bid for the African gold offered in London this week. Prices were too high and the exchange market in New York has not been favorable to gold imports. India took \$1,000,000 and the Bank of England secured \$1,500,000—all of the gold being taken at the mint price, 77s. 10d. as against the 77s. 9d. usually paid by the bank. Bank rate in London was raised yesterday to 5 p.c. As the London market hardened early in the week the Bank of England commenced to charge 4½ p.c. and 5 p.c. on bills discounted; and the City thus assumed that the official rate would be raised at the Thursday meeting of the court of directors. In the market, call money is quoted at 3 p.c.; short bills are 4½%; and sixty day bills 4¾.

* * * *

At Paris the private rate of discount has risen to 3½% and at Berlin it is up to 4¾. The Imperial Bank of Germany quotes 4½ and the Bank of France 3 p.c. as heretofore, but it is expected that they will advance the rate unless the European situation im-

proves at once. It may be noted that when the French private rate rises above bank rate, the big credit banks have the opportunity of making profits at the expense of the Bank of France. They can discount paper very freely at the private rate and turn in their bills every day to the central bank at bank rate. In this way they can make a brokerage or profit on a large amount without putting any of their own funds into the advances. The situation encourages them to do a big discount business and incidentally it tends to drain specie from the Bank of France. Hence it is expected that the Bank of France rate will go up if the private rate does not recede.

* * * *

So far as the Balkan war is concerned the events of the week have been in some respects favorable to Turkey. True the Montenegrins and their allies have had important successes in connection with their invasion of Turkish territory, but the conclusion of peace between Italy and Turkey will strengthen the latter's hands immensely. Now the Turks can give their whole attention to the Balkan states and doubtless there will be interesting happenings. It should be remembered that Europe's nervousness in regard to the involvement of the great powers is largely based on the supposition that the Turks might be vanquished and driven from Europe. In that event it has been supposed that Russia, Austria, and possibly Germany might quarrel over the disposition of the Turk's estate. If, however, the Turks maintain their ground and beat off their assailants the danger of a conflagration is lessened, and the finances of the big international centres would probably be greatly improved.

* * * *

In New York call loans are 4¾ p.c.; sixty day loans, 5½ p.c.; ninety days, 5¾; and six months, 5½ to 5½. In their Saturday statement the clearing house institutions reported a loan contraction of \$10,380,000, a cash gain of \$3,700,000, and an increase of \$0,424,000 in excess cash reserve. With this increase the reserve rose to \$10,565,000. The banks, taken by themselves, had to report a loan contraction of \$9,117,000, a cash gain of \$3,700,000, and an increase of \$5,533,000 in surplus.

It is said that the European sales of American securities, owing to the panicky conditions prevailing in Paris and Berlin on the outbreak of war, have amounted to \$40,000,000 or \$50,000,000. The steamers arriving in New York are bringing large batches of stocks and bonds. In many cases settlement has to be made by the New York houses in thirty days; and they have been accumulating the exchange that will be required to effect settlement. However, it is said that a respectable part of the European sales applied to securities that had been carried on margin in New York, and in their case no large amount of exchange would be needed.