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THE GENERAL FINANCIAL SITUATION.

Most of the $5,000,000 Cape gold offered in London on Monday was taken by the Bank of England. Banks and lending institutions in Europe are not relaxing their grip on the available funds. Bank rate in London is 5 p.c. In the open market rates for money and discounts have hardened. Call money is 4½ to 5; short bills are 5; and three months' bills 4¾. These quotations are well up to the bank rate; and there is not much expectation of a reduction in the latter while the market is so firm. Of course, in England, as in other European countries wherein the central bank idea prevails, the outside money market is always influenced by the movement of taxes and other public funds into the state bank. It is expected that the collection of the public revenues in the United Kingdom in February and March will help to keep money firm in London.

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In Paris bank rate is 4 and market rate the same; and in Berlin bank rate is 6 and market rate 4¾. The Turks have, with an appearance of finality, decided to hold Adrianople and the Aegean islands; and according to the newspaper dispatches, active preparations are being made by the allies for the resumption of the war. However, the action of the stock exchanges does not indicate that financial Europe has abandoned the hope of averting war. One might conceive that if the struggle is to be begun anew the Balkan states will be severely disappointed —for the victories which they have won have already nearly ruined their trade and industry and placed upon them a burden which will press very heavily for years to come.

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Further recessions in money rates have been seen in New York. Call loans are the same as last week —2¾ p.c.; but time money is quoted lower. Sixty day loans are 3¼ to 3½; ninety days, 3¾ to 4; and six months 4 to 4¼. From these rates one might almost infer that the market at present is estimating the outlook to be somewhat as follows: In the immediate future there may be disinclination to speculate or to undertake extensions pending the settlement of the Balkan War, the completion of tariff revision and the decision in various government suits. This is apparently reflected in the low rates for call loans. Uncertainty as to tariff outlook appears also to be reflected in the comparatively low rates for 60 and 90 day loans. The higher rates for six months loans may perhaps be taken as reflecting that before the end of July the business men will know what tariff they will be working under; and that trade and industry will be expanding in such manner as to create heavier demand for credit.

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The clearing house institutions of New York City, banks and trust companies combined, reported another very large increase of loans—$13,334,000; and as the gold exports served to neutralize to a considerable extent the movement of funds from the interior, the cash gain was only $3,500,000. The increase of surplus reserve amounted to $361,000; and the surplus stands at $21,465,000. The banks alone had a loan expansion of $16,000,000, a cash gain of $6,400,000, and a gain of $1,000,000 in surplus. Sterling exchange has been ruling strong during the week, and it is expected that New York will be obliged to send further important shipments of gold to the Argentine Republic for London account. When London has occasion to remit large amounts to Buenos Ayres—to settle for Argentine produce imported by the United Kingdom or for Argentine securities taken by London—payment is often provided through ordering gold shipped from New York to the Argentine capital. Usually New York is in London's debt when the shipments are made; in other words New York pays London through sending gold to London's creditor. On this occasion, however, doubts exist as to whether New York is indebted to London. There are some indications that the New York bankers during the past three