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Banking, Insurance and Finance

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THE GENERAL FINANCIAL SITUATION.

Again this week the most of the South African gold arriving in London—which amounted to \$2,500,000—passed into the possession of the Bank of England. The 3 p.c. bank rate continues in force. Quotations in the London market are: money 1 p.c.; short bills, $2\frac{1}{4}$; three months bills, $2\frac{3}{8}$ per cent. The continental money markets also are about the same as a week ago. In Paris discounts in the market are $2\frac{1}{2}$; Bank of France rate is 3 p.c. At Berlin the Reichsbank quotes 4 p.c. as heretofore and the market rate for bills is now $2\frac{1}{2}$ per cent. There are stories current to the effect that since the Moroccan episode assumed large dimensions the great French banks have been putting the strongest financial pressure upon Ber-

lin. It is said that several years ago when Germany's action regarding Morocco threatened to involve Europe in war the Paris bankers withdrew funds from Berlin at the rate of about 100,000,000 francs per week. This pressure, so the story goes, proved very distressing to the Berlin banks and upset the money market in the German capital. Some correspondents declare that a repetition of this performance is now in evidence and that France in this way is endeavoring to force Germany into a more compliant mood. It will be the part of wisdom to accept such statements with scepticism. The relations of the great French credit banks with their Berlin correspondents are close and cordial. The connection has been found to be mutually profitable and advantageous; and neither party would break it except under grave circumstances. An attempt by the French bankers to use their balances in Berlin as a means of putting political pressure on the German Government would certainly be resented and it might have effects directly contrary to those expected. It is natural enough to suppose that as the political tension developed there should be a disposition on the part of Paris and London bankers to withdraw funds from Berlin, but they would avoid sensational methods and would endeavor to effect their purpose by deviating as little as possible from the ordinary course of business. The course of the money market in Berlin seems to indicate that on the present occasion this movement has not attained large proportions. If it had, the discount rate in Berlin would most certainly have risen. The great banks there which were called upon to return the balances would have been driven to the Reichsbank for accommodation and they would have found difficulty in discounting the bills offered by their regular customers.

With the approach of the crop-moving season there is to be seen a tendency towards better rates for money in New York. Call loans are $2\frac{1}{4}$ to $2\frac{1}{2}$; sixty day loans, $2\frac{3}{4}$ to 3; ninety days, 3 to $3\frac{1}{4}$; and six months, $3\frac{3}{4}$ to 3 $\frac{7}{8}$. No doubt the hardening of rates has been due in part to the loss of reserve strength revealed by the Saturday bank statement. Taking all the Clearing House institutions, there was shown a loan expansion of \$4,670,000, a cash loss of \$1,700,000 and a decrease of the excess cash reserve by \$1,765,000. However, the weekly statement of all the Clearing House institutions does not get so much attention as that of the banks alone. It is difficult to determine the exact change occurring in regard to the former as the trust companies comprised are on a different basis of reserves from the banks. Taking the banks alone the loss of reserve strength is more