# The Chronicle

## Banking, Insurance and Finance

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## THE GENERAL FINANCIAL SITUATION.

The Bank of England secured the bulk of the $3,500,000 African gold offered in London on Monday. The Bank still adheres to its official 3½ p.c. discount rate. In the open market call money is 3 to 3¼ p.c.; short bills are 3⅝; and three months' bills, 3 9-16. These rates do not differ very materially from the quotations of a week ago. The coal mining dispute has so far affected the money market in the way of exciting apprehension, and so it may have had a tendency to keep discount rates up. It is but natural to suppose that the Bank of England would be disposed to hold its official rate rather firmly until it is able to discover what will be the outcome of the rupture.

If the Asquith Government fails to end the strike, and the stoppage is protracted, other influences will begin to work upon the money market in London. Some of these influences would have a tendency to make money cheaper; others would have an opposite tendency. For example, it is certain that the closing down of the mines and of hundreds of factories would lessen quite materially the demands made upon the banks for pay-list purposes. Manufacturing and mining interests are accustomed to borrow quite heavily from the banks on frequent occasions, to provide funds for weekly wages. The cessation of such demands and also of withdrawals of bank deposits instituted for the same purpose by industrial customers having large credit balances, would tend to increase the amount of banking funds unemployed. Easier conditions would be promoted also by the diminution in supply of bills of exchange offered for discount. On the other hand, the strike, if long continued, is likely to turn the exchanges against England, inasmuch as food must be imported and such imports would perhaps have to be paid for in larger measure by gold exports, because of a shortage in the customary supply of bills on foreign countries drawn by British exporters of coal and of manufactured products. This would tend to make money dearer. The withdrawals of savings by workmen out of employment would have the same effect. Perhaps, though, the most serious effect would be worked through the failure of firms and companies unable to meet their engagements. This latter influence might cause serious monetary disturbances.

On the continent rates are about the same as last week. In the Paris market discounts are 3¼ p.c.; and in Berlin the market rate is 4⅞. The Bank of France and the Imperial German Bank quote 3½ and 5 p.c. respectively. The German coal strike appears to be breaking up. Some good judges consider that the British strike also would fall to pieces of its own weight if the Government abandoned its efforts to settle the trouble. And possibly it would be in the best interests of the British people if the matter were left to adjust itself.

In New York call loans are 2⅜; sixty day loans, 3¼ to 3½; ninety days, 3½ p.c.; and six months, 3¾ p. c. The German banks have continued their bids of good rates of interest for loans of American funds. New York is also face to face with the prospect of a big coal strike which may embrace both the anthracite and bituminous miners. As shown in the Saturday statement the New York clearing house institutions (all members) effected a slight increase in amount of excess cash reserves. Their loans decreased $7,835,000 while their cash decreased $2,600,000, and the excess cash reserve rose to $16,985,000—the increase for the week being $609,100. The banks alone merely held their ground. Their surplus increased but $27,500. The opposing movements contributing to this equilibrium were a loan contraction of $13,079,000, and a cash loss of $3,830,000.

In Canada money rates are unchanged. Call loans on securities in the two principal centres are 5 to 5½ p.c. Canada has already experienced some of