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To all its readers and friends THE CHRONICLE
wishes A HAPPY AND PROSPEROUS NEW
YEAR.

THE GENERAL FINANCIAL SITUATION.

Germany secured about \$2,000,000 out of \$3,800,000 African gold offered in London on Monday. It is supposed that the German bidders will be strongly in evidence next week again. The Berlin bankers are apparently scouring the world for funds to help them meet the end of the year payments. They are offering fancy rates of interest in New York for short loans to carry into the middle of January. For such loans, or special deposits as they prefer to call them, the German banks have offered 8 p.c. interest. New York expects that in the closing days of the year these borrowers will be offering 9 p.c. for loans of one week to tide them over settlement day; and some would not be surprised to see the

Berlin institutions repeat the 20 p.c. bid for money which they made eight months ago in New York. Those rates certainly seem high for big banks to pay—their need for funds must be very pressing. The fact that the representative banking institutions of a great country like Germany are willing to pay such high rates for money does not reflect creditably upon the German banking system. And it was on the Imperial German bank that the central reserve association proposed by Senator Aldrich was modelled.

* * * *

Bank rate in London was continued at 5 p.c. The talk in the city now is of a reduction. In the open market call money is $3\frac{3}{4}$ to 4 p.c.; short bills are $4\frac{3}{4}$; three months bills, $4\frac{7}{8}$ to $4\frac{15}{16}$. At Paris the bank rate is 4 and private rate $4\frac{1}{8}$. The pressure on the Bank of France is severe; and if the tension does not relax quickly the bank rate is expected to advance. The French people have been hoarding gold, which is a natural consequence of the policy of the Bank of France in paying silver. It is said that parties wishing to get gold waylay the bank runners or messengers and offer them $101\frac{1}{2}$ francs for every 100 francs gold. There are good reasons for supposing that financial conditions in France would be better if the Bank of France stood up and paid gold, on demand, for its obligations, and raised its discount rate if necessary. That would stop the hoarding because the people would let the hoarded gold go into circulation if they knew they could get gold at the bank when required.

In Berlin the bank rate is 6 p.c. and private rate the same. However, it is rather difficult to get advances there just now. An improvement is expected next week.

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New York rates have tended downwards. Call loans are $4\frac{3}{4}$; sixty day loans 6 p.c. ninety days, $5\frac{3}{4}$ to 6; and six months, $5\frac{1}{2}$ p.c. The clearing house institutions—banks and trust companies—had but a trifling gain in reserve strength to report in the Saturday statement. Their loans decreased \$5,35,000; cash increased \$1,200,000; and the excess cash reserve increased from \$8,074,650 to \$8,141,100, a matter of only \$66,000. The banks alone reported a heavier loan contraction—\$3,492,000—and their gain in cash was about the same—\$1,200,000—so their surplus rose \$1,400,000 and stands at \$8,860,000. This week the banks have had to meet the holiday demand for new bills and bright gold coins. That would perhaps serve to reduce their cash holdings. And the final arrangements for the January payments would have to be made. Considering the extensive needs of the home market it is no wonder that the New York banks have not given much attention to the German bids for accommodation.

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During the week the securities markets have pulled themselves a little out of the despondency