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THE GENERAL FINANCIAL SITUATION.

The Bank of England bought the most of the \$5,000,000 African gold offered on Monday. Bank rate is maintained unchanged at 5 per cent. In the London market call money is $4\frac{3}{4}$ p.c.; short bills are 4 15-16 to 5; and three months' bills, 4 11-16 to $4\frac{3}{4}$. These quotations are about the same as last week's figures. Bank rate at Paris is held at 4 p.c.; and at Berlin it is 6. Private discounts in the Paris market are $3\frac{7}{8}$ and in the Berlin market, $5\frac{3}{4}$. Continental rates, are also, therefore, about the same as a week ago. During the past week the European financial centres have made some efforts to throw off the depression caused by the war in the Balkans and other political troubles. It is considered that the formal announcement of peace cannot now be long delayed. The London *Statist* and other well known authorities have been predicting that once these troublesome matters are settled, a very pronounced

forward movement will be seen in Europe and America. They point out that during the long period of unsettlement the flow of investment money has been dammed up, so to speak; and they contend that a vast amount of funds will be available in the course of a few months.

* * * *

No doubt the Canadian municipalities and other corporations, which are awaiting an opportunity to borrow abroad hope these prophecies may be correct. However it appears that high finance in London has become convinced that Canada in particular has been borrowing too freely; and it is probable that the Dominion may not benefit from the improved conditions overseas to as great an extent as some of our financiers wish. It is not at all likely that London will decline to furnish money for sound Canadian issues; but the chances are the bankers there will ask all they can get for lending funds to Canada. In the meantime more attention is given here to the matter of borrowing in New York and Boston pending the final digestion by London of securities recently issued there. The Canadian offerings have now become so enormous as to make it desirable to cultivate or develop an alternative market in order that our affairs may not be brought to a standstill when the principal source of supply is temporarily choked up.

* * * *

Call loans in New York have ranged all the way from 2 to $3\frac{3}{4}$ per cent., the most of the business being done at the higher levels. Not much time money has been offered. Rates are: sixty days, $4\frac{1}{2}$ p.c.; ninety days, $4\frac{1}{2}$ to $4\frac{3}{4}$; and six months', $4\frac{1}{2}$ p.c. The marked stiffening in rates was largely due to the practical wiping out of surplus reserves of the clearing house institutions. Taking all members, the Saturday statement showed their loans to have increased \$11,893,000, while cash holdings fell \$8,600,000. The surplus dropped from \$13,173,650 to \$2,690,250—the decrease being \$10,483,400. In the case of the banks alone the loans increased \$10,346,000 and the cash fell \$7,160,000—the decrease of surplus being \$7,389,000. Exports of gold to South America and losses to the sub-treasury in the daily exchanges with the Government, account for the heavy loss of cash.

* * * *

The markets at New York appear to have taken the Wilson inauguration without undue excitement. Of course, one of the most interesting questions now to be settled is that having to do with the attitude of the new administration towards the banking railway, and other incorporated interests. Are the Democrats to adopt the Taft policy of suing the corporations right and left in order to break up consolidations and combinations? It must be said that the Republican policy has not had a great deal of