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THE GENERAL FINANCIAL SITUATION.

The European markets have, in the sudden development of the Constantinople disturbances a possible cause for fresh uneasiness over political matters. Though the Balkan trouble has been composed it can hardly be said that satisfaction reigns over the outcome. Particularly in Russia and in the United Kingdom is there resentment against the German domination in central European affairs. On the present occasion the possible danger lies in what Austria and Germany may do if disorder spreads through the Turkish Empire. Though Britain and Russia were not prepared to go as far as war over Austria's seizure of Bosnia and Herzegovena, it is certain that the people of both countries would demand warlike action if the two great Teutonic powers seize the opportunity for further aggression.

So it is to be expected that the stock and money markets at the great capitals across the Atlantic will be somewhat sensitive to the course of events in Turkey. While the present state of irritation and excitability lasts something might happen at any time to drive security prices down and interest rates up.

Bank of England rate has not been changed, and stands at 2½ p.c. Call money in London discount market went sharply off—being quoted at ¾ to 1 p.c. as against last week's price of 1½. Short bills also are fractionally down—1¼ compared with 1½ a week ago. Three months' bills are 1¼ to 1⅜.

Paris rates, on the other hand, rose moderately. The Bank of France did not alter its 3 p.c. rate, but the discount market went up from 1¼ to 1⅝. Probably the internal troubles, in the civil service and in some industries, have had something to do in causing money lenders to raise their prices. This development puts the Paris market distinctly above London, and removes the inducement to transfer capital from the French to the British metropolis. It appears also to have produced a movement in the foreign exchange situation at New York in the direction of gold exports to Paris. Whether they will actually take place or not is not yet clear.

At Berlin the money market has not changed. Bank of Germany rate is still 3½ p.c., and the discount market holds at 2 p.c. The large German banks have just published their reports for 1908; and while the low interest rates influenced their profits adversely they were able, through profits made in other directions, to present satisfactory results.

It was to be expected that the increased activity of the Wall Street stock market would have some effect on the New York money market. So far as has been observed this week the effect of this is confined as yet to the call loan department. The bull movement, apparently, has had a negative influence in that it has probably prevented a decline in call rates. They are quoted at 2 p.c., being a shade higher than a week ago. Time money, on the contrary, experienced no benefit from the speculation. 60 days, 2¼ to 2½; 90 days, 2½; and six months, 2¾ to 3—are the ruling rates. In regard to the 90 day rates it is stated that the 2½ p.c. quotation applies to "all industrial collateral." This serves to illustrate the easing off in bankers' demands for security which has latterly occurred. A few days ago, Mr. Forgan, the well-known Chicago banker, spoke of the banking business in the States as being in a very poor way indeed, and said the banks were running after borrowers and begging them to borrow money.

In more stringent times borrowers are restricted in their collateral to "a sprinkling of good industrials," and probably the industrials would be rather carefully selected. Now loans on "all industrial" collateral are freely going.

In last Saturday's bank statement the distinguishing feature was a loan increase of $12,800,000. This, combined with an attendant increase of $16,800,000 in deposits and a cash gain of $3,500,000, served to slightly reduce the surplus; and it stands at $9,893,525 as against $10,502,550 at the end of the preceding week. The total is not impressive, especially as the spring demand from the interior for currency is about due; but at the same time everybody understands that the surplus does not at all adequately represent the resources at the market's call. Behind it there is a large fund, the pressure of which upon the market is seen in the 2¼ and 2½ p.c. rates for time money.

As the trust company loans decreased $8,300,000, it very likely was the case that the clearing house banks took over trust company loans on an extensive scale.

In Canada money rates have not fluctuated—the 4 to 4½ p.c. rate for call loans being still quoted. Nothing of a nature calculated to bring about a