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THE GENERAL FINANCIAL SITUATION.

The consignments of gold received by London from the South African mines were unusually large this week—they amounted to $5,000,000; and when it became known that the Bank of England had secured the greater part, discount rates in the London market eased off. Bank rate is unchanged at 3 per cent. In the market, money at call is 1½ p.c.; short bills, 2 1-16 p.c.; and three months' bills, 2 1-16. On the continent rates are unchanged. The Bank of France quotes 3 p.c., the Imperial Bank of Germany 4 p.c. The Paris market is 2⅛ and the Berlin market 2⅞.

At New York also interest rates are on practically the same level as a week ago. Call loans, 2⅜; sixty days, 2½ to 2¾; ninety days 2¾ to 2⅞; and six months, 3¼ to 3½. On Saturday the clearing house banks suffered a loss of surplus amounting to $2,800,000. Their loan account increased slightly—$1,500,000, but the main cause of the deficit was the cash loss of $2,900,000. The surplus now stands at $43,990,450. Trust companies and non-member state banks reported loan expansion $7,650,000 and cash gain of about $1,900,000. Their proportion of reserve to liability rose from 17.7 p.c. to 17.8 p.c.

For the decline in the reserves of the clearing house institutions, the Canadian banks are held responsible, as it was their withdrawals of gold certificates, for conversion into specie to be shipped to Montreal, that reduced the specie holdings of the New York banks. The New York papers give considerable space to the subject of our withdrawals of gold. They appreciate the fact that the Canadian banks have a formidable call upon the cash resources of their city and they display some anxiety as to the probable duration and extent of the drain to the northward. The movement this spring has already reached respectable dimensions. Over $10,000,000 of gold has been transferred to Canada since the beginning of the year, most of it in the past two weeks. However, it can be said that there is small probability of the movement of gold to Canada assuming such proportions as to seriously disturb New York. In the first place money is at present over-plentiful in the American centre. The bank surplus there is large and interest rates extremely low. So the New York bankers would not be disposed to look unkindly upon a movement which tended to harden interest rates.

Apparently the Canadian banks are taking steps to increase the permanent stock of gold in Canada. Increase of the bank liabilities and the great activity prevailing in Canadian industrial, mercantile, and real estate circles, necessitate a larger metallic reserve. So from time to time, as their liabilities increase, and when conditions are favorable for bringing in gold, the specie holdings are increased. According to the last statement—April 30th—the total gold in the vaults of the banks and in the Dominion Treasury exceeded $111,000,000. Perhaps the record for May 31st will show the $120,000,000 mark to have been approached. It is to be expected that the returns of the Finance Department for May 31st will show a considerable increase in the total of Dominion notes outstanding. Probably the circulation will have reached $95,000,000; and it would require only a comparatively small further movement of gold this way to bring the Dominion notes up to the $100,000,000 mark. Of course these notes are