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THE GENERAL FINANCIAL SITUATION.

According to cable dispatches just received the situation in the London gold market has become decidedly interesting. It was noted last week that the American bankers succeeded in getting $2,750,000 out of $3,000,000 new gold arriving at the British capital. At the beginning of this week the offerings by the Transvaal mining companies amounted to $7,500,000. New York banking houses took $5,500,000, and India obtained the remainder. It is said that the New Yorkers competed among themselves as well as with the representatives of other countries. The result of the keen competition was to drive up the price; and the owners of the gold receive 77 shillings 9⅛ pence this week, as against 77s. 9d. last week. It is reported that the Americans paid a commission also, so eager were they to secure the metal, but the amount of the commission has not been disclosed. It will be remembered that the Bank of England is bound by law to purchase gold at 77s. 9d. at all times. The rise of ⅛ of a penny, when applied to the large purchase of the Americans this week, would make a difference of about $700 in the price paid by them.

Bank rate in London stands as yet at 4 p.c. In the open market call money is 1¾ to 2; short bills are 3⅝ to 3⅞; and three months' bills, 3 13-16 to 3⅞. A considerable amount of American finance bills are coming forward from day to day in London, and American operators in Wall Street are showing a disposition to transfer their loans to the British centre. These operations have had a tendency to make the European money markets harder. In Paris the private rate is 3 p.c. and bank rate is the same. In Berlin the bank rate is 4½ and private rate 3⅞, the latter having eased off somewhat. The extraordinary pressure at Berlin incidental to the September quarter day appears to be subsiding; but on the other hand the political disturbances in the Balkans have served to intensify the uncertainty regarding the European monetary situation.

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In New York during the week the money market has been considerably excited. The October dividend and interest payments had to be met, as well as the currency drain to the interior. The call loan rate rose to 8 p.c. in the opening days of the month, but afterwards settled down at a lower figure, the quotation applying generally at the end of the week being 5½ p.c. Time money advanced another notch. Sixty day loans are 5¾ to 6 p.c.; ninety days, 5½ to 5¾; and six months, 5½ to 5¾. The clearing house institutions effected another increase of reserve strength. According to the Saturday statement their loans were reduced $20,166,000; cash decreased $1,460,000; and the excess cash reserve increased $2,127,500. It now stands at $9,499,100. The banks alone had a loan contraction of $11,967,000 to report, but their cash holdings showed a small increase—$93,000—and consequently their surplus increased by a larger amount. They added $3,084,500 to surplus, making it $8,494,500.

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The marked revival of speculative activity is having quite a noticeable effect in increasing the demands on the New York banks. Operators in Wall Street are becoming more firmly convinced that a season of great prosperity lies directly ahead; and they cannot wait until the monetary situation becomes more comfortable. There seems to be a strong conviction that the board of arbitration which is considering the demand of the railway enginemen for higher wages, will not grant or recommend anything very substantial in the way of wage increases. Already it is recognized that a number of the railways are in precarious position as a result of the stubborn refusal of the Interstate Commerce Commission to allow them to raise freight rates. And the arbitrators are said to be almost convinced that if the wage increases are granted they will have to be immediately put on the general public in the way of higher freight rates. There are signs too that the attitude of the Commerce