

THE GOLD MOVEMENT AND FINANCIAL SITUATION.

THE BANK OF ENGLAND ENLARGES ITS GOLD RESERVES; PROSPECTS OF THE BANK RATE BEING REDUCED; ENLARGED STOCKS OF GOLD IN EUROPEAN BANKS; MOVEMENT OF SILVER, HAS IT GONE TO THE EAST? REMARKABLE INCREASE OF GOLD IN BANK OF RUSSIA; EFFECT OF RUSSIAN LOANS; HEAVY FOREIGN BALANCES IN FAVOUR OF THAT COUNTRY; WHENCE HAS THE GOLD COME FROM; GENERAL CONDITIONS APPARENTLY FAVOURABLE FOR EASIER MONEY IN THE NEAR FUTURE.

In spite of the enormous drain of money to centres where it is needed to meet the excessive outlays caused by the war, the general situation of the money market indicates a tendency to greater ease. Surprise, indeed, considerable dissatisfaction, has been caused by the Bank of England maintaining its rate under conditions which, ordinarily, would be considered sufficient reasons for a reduction from 3 to 2½ per cent. There has been a drain caused by the requirements of the public revenue under collection at this season, the receipts of which were so large at the end of February as to send revenue receipts some 15 millions of dollars over the amount of the public expenditures.

The gold movement in the Bank of England since the end of November, 1904, has been as follows up to date of latest particulars, which are stated in currency at the rate of \$5 to the pound sterling:

Date.	Gold brought in from abroad.	Date.	Gold sent out for export.
Dec. 28, 1904.....	4,755,000	Nov. 30, 1904....	2,180,000
Jan. 4, 1905.....	2,125,000	Dec. 7, ".....	1,110,000
" 25, ".....	250,000	" 14, ".....	460,060
Feb. 1, ".....	4,170,000	" 21, ".....	1,700,000
" 15, ".....	2,250,000	Jan. 11, 1905....	1,880,000
" 22, ".....	7,055,000	" 18, ".....	330,000
		Feb. 8, ".....	350,000
Total "In".....	\$20,605,000.	Total "Out".....	\$7,940,000
In Sterling.....	£ 4,121,000	In Sterling.....	£1,588,000
Excess of gold inwards over outwards.....	\$12,665,000	Sterling.....	£2,533,000

Since the end of November, 1904, the Bank of England has received more gold to extent of £2,533,000 (\$12,665,000), than it has sent out for export. The amount of gold held at the end of February this year and in previous years, with other details of the Bank of England statement which have a more or less direct bearing upon the price of money are shown in the following table, the several amounts being given in currency:

	February, 1905.	February, 1904.	February, 1903.
Circulation.....	134,934,000	138,145,900	140,532,000
Deposits, Public....	82,152,000	70,332,300	61,841,500
" Other.....	193,061,400	198,019,400	213,169,800
Gov't Securities.....	78,017,900	96,149,000	74,171,200
Other Securities.....	136,543,900	132,638,400	161,822,000
Coin and Bullion....	194,266,100	177,420,000	180,227,400
Reserve of Notes & C'n	151,581,000	131,524,000	130,570,000
Proportion of Reserve to Liabilities.....	55 p.c.	48.87 p.c.	47.37 p.c.
Bank Rate.....	3 "	4 "	4 "
Market Rate 3 Mo's Bills.....	2.44 "	3.25 "	3.50 "

In February, 1902, the reserve stood at 45 p.c., which is nearly 4 p.c. less than this year, yet the bank rate remains at 3 per cent.; as it stood in February, 1902, although the bank at the end of February, 1905, had a reserve of notes and coin exceeding that of 1902, by \$15,000,000.

So far then as the position of the Bank of England serves to indicate the future the signs point definitely to an easier condition prevailing in the near future.

Turning to the other great banks of the world we find the movement of their gold coin, bullion and silver in the past year to have been as follows:

BANKS	Feb'y. 1905.	Feb'y. 1904.	Increase or decrease.
BANK OF FRANCE.			
Gold.....	\$ 564,185,000	\$ 468,835,000	+ 95,350,000
Silver.....	220,650,000	221,530,000	- 880,000
AUSTRO-HUNGARIAN BANK.			
Gold.....	241,120,000	235,075,000	+ 6,045,000
Silver.....	43,505,000	62,925,600	+ 580,000
BANK OF RUSSIA.			
Gold.....	446,460,000	372,850,000	+ 73,610,000
Silver.....	33,110,000	39,685,000	- 6,575,000
Balance abroad....	64,585,000	88,600,000	- 24,315,000
IMPERIAL BANK OF GERMANY.			
Coin and Bullion....	277,570,000	234,750,000	+ 42,820,000
NETHERLANDS BANK.			
Gold.....	30,015,000	27,165,000	+ 2,850,000
Silver.....	31,460,000	33,125,000	- 1,665,000
BANK OF BELGIUM.			
Coin and bullion...	23,920,000	23,905,000	+ 15,000
BANK OF ITALY.			
Gold coin and bull'n	94,895,000	93,675,600	+ 1,220,000
Silver.....	16,250,000	18,765,000	- 2,515,000
BANK OF SPAIN.			
Gold.....	74,685,000	73,025,000	+ 1,660,000
Silver.....	101,540,000	96,600,000	+ 4,940,000
NEW YORK ASSOCIATED BANKS.			
Specie.....	220,950,000	213,610,000	+ 7,340,000
SUMMARY OF GOLD AND SILVER HOLDINGS.			
	1905.	1904.	Increase.
Bank of England...	194,266,000	177,420,000	+ 16,846,000
Bank of France....	784,835,000	690,365,000	+ 94,479,000
Austrian bank....	304,625,000	298,000,000	+ 6,625,000
Bank of Russia....	479,570,000	412,535,000	+ 67,035,000
Bank of Germany..	277,570,000	234,750,000	+ 42,820,000
Netherlands bank..	61,475,000	60,290,000	+ 1,185,000
Bank of Belgium...	23,920,000	23,905,000	+ 15,000
Bank of Italy.....	111,145,000	112,440,000	- 1,295,000
Bank of Spain.....	176,225,000	169,625,000	+ 6,600,000
N. Y. banks.....	220,950,000	213,610,000	+ 7,340,000
Totals.....	\$2,634,581,000	\$2,392,940,000	\$241,641,000

The total amount of specie returned as on hand in the great national banks of Europe at the end of last month was \$2,413,631,000, as against \$2,179,330,000, the increase being \$234,301,000, of which total increase no less than \$67,035,000 was in the Bank of Russia, \$94,470,000 in the Bank of France, and \$42,820,000 in the Imperial Bank of Germany. Those three banks, which have been each directly interested in the financial operations set in motion by the war between Russia and Japan, have increased their stocks of specie in the last twelve months by an aggregate of \$204,325,000, which constitutes over 87 per cent. of the total increase in the great banks of Europe in that period.