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THE GENERAL FINANCIAL SITUATION.

This week again the Bank of England secured the bulk of the Cape gold shipped to London—the amount being $2,500,000. Also, next day, the bank received $5,000,000 from Brazil. So the high money rates prevailing in the Imperial capital are serving to draw funds towards London. The exchange with France, too, is favorable to England; and that has a tendency to draw French gold London wards. However, notwithstanding these circumstances, interest rates in London have maintained their high level—as a matter of fact there has been a further rise during the week. The 5 per cent. Bank rate was not altered, but call money is quoted at 4½ to 5 p.c.; short bills are 4 7-16; and three months bills, 4½ per cent. Open market in Berlin has now advanced to 4¾, but Paris is unchanged at 2⅞. The State banks of those two countries retain in force the official rates hitherto quoted, viz.: Bank of France 3 p.c., and Imperial Bank of Germany, 5.

The London stock market has been affected by the renewal of the political controversy over the British constitution. Consols have shown renewed weakness, and possibly the money market has been made more stringent by the uncertainty over the fate of the Lords. The Budget question appears to be fairly settled; and the Lloyd George innovations will perhaps stand, no matter how the coming election results. To many observers in the Dominion it seems that there are plenty of voters in the United Kingdom who are desirous of checking or stopping the progress of the Liberals towards radical legislation. It seems also as if the Unionists would command a large number of Liberal votes if they would for the present drop their arguments for protection or tariff reform. It is increasingly evident that a large number of the people are attached to free trade, and if they were given the opportunity of rebuking the extreme Radicals without at the same time upsetting the fiscal system the chances are they would avail themselves of it.

In New York, strange to say, interest rates eased off slightly. Call loans, 3; sixty days, 4½ to 4¾; and 4½ per cent. for all other periods. This may, however, be a temporary relaxation due to the heavy borrowing in Europe by the New York bankers. It is generally conceded that this borrowing was one of the chief factors in bringing about the increase of surplus reported by the New York banks in the Saturday statement. This showed a loan reduction of $15,200,000 and a cash gain of $3,800,000, the effect of which was to increase the surplus by $6,800,000, bringing it again to a respectable figure—$12,559,975. As the trust companies and non-member state banks also decreased their loans—the reduction in their case being $7,500,000—it is understood that borrowing in Europe was the remedy resorted to. By comparing the rates of interest prevailing respectively in London and New York one may understand that the enterprising New York financiers are paying for this accommodation rates considerably higher than those quoted at home in their own city. From which circumstance it is possible to draw several interesting conclusions as to their object in seeking loans abroad. They certainly seem to have a tender solicitude for the Wall Street stock market. Perhaps they have not yet marketed all the securities they wish to market and in the meantime they do not desire to have money rates in New York rise to figures that would disconcert the speculative fraternity.

It is understood that New York City proposes to issue a $50,000,000 loan in the immediate future. And the financial community expects the loan will consist of 4½ p.c. bonds issued at perhaps 104 or 105. Furthermore it is thought European investors will take a large part of the issue and that