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THE GENERAL FINANCIAL SITUATION.

The American bankers secured the bulk of the new gold offered in London at the beginning of the week. Cables state that the New Yorkers paid a commission of one-third in addition to the price at which the Bank of England is at all times obliged to buy gold—77s. 9d. India took the remainder of the metal. Bank rate in London is still 5 p.c. In that market, call money is 3½ to 3¾ p.c.; short bills are 4⅝ to 4¾; and three months' bills, 4½ to 4 9-16 These figures are fractionally lower than last week's quotations.

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No change has occurred in Paris—the Bank of France quotes 4, and discounts in the private market are 3¾ as heretofore. But open market quotations at Berlin have advanced to 5⅞ p.c., which figure is almost equal with the official rate of the Imperial Bank of Germany. Perhaps the plain speaking of the German Chancellor on the subject of supporting Austria against Servia and Russia, has made the Berlin market somewhat apprehensive. Although the diplomats have not yet been able to make definite announcement of progress towards a peaceful settlement, the feeling in London and Paris has been growing more cheerful; and it is hoped that the Anglo-German efforts to compose the differences between Austria and Servia will have tangible results.

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The sensational features noted last week as being in evidence in the New York money market, have been to the fore again this week. Call loans have been as high as 16 p.c.—the ruling rates for a good part of the week being 10 to 12 p.c. Sixty day loans are 6½ to 7½; ninety days, 6½ to 7, and six months, 5¾ to 6 p.c. On Saturday the clearing house institutions were under the necessity of reporting a heavy deficit in reserves. The combination of banks and trust companies contracted loans to the extent of $4,860,000; but on account of large losses to the United States Treasury in the daily exchanges, and the gold movement to Canada, the cash holdings decreased $16,560,000, leaving their cash reserve $5,057,000 short of the legal requirement. The loss in reserve amounted to $11,823,000.

The banks alone were in similar case. Their loans decreased $1,665,000; cash decreased $15,140,-000, and the surplus of $5,311,000 shown at the end of the preceding week was replaced by a deficit of $5,108,500. This position of the banks was sufficient by itself to check speculation on the exchanges. Many of the banks in the clearing house have been under the necessity of calling loans in order to make good the deficits in their reserves. Consequently the brokers have been obliged to restrict the activity of those clients who are strongly possessed by the idea that stocks will shortly sell higher.

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Announcement on Monday of the Government's victory over the Union Pacific Company in its suit to compel the railway company to dispose of its vast holding of Southern Pacific stock, also had an unsettling effect on the securities market. Some hold that the decision means an early distribution of a large cash bonus to Union Pacific stockholders; others say that the earning power of Union Pacific will be impaired when the Southern Pacific passes into independent control. How Wall Street will finally take the impending change cannot be told until the extraordinary conditions prevailing in the money market pass away.

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It is expected that by the end of the current week the return flow of dividend money will have exerted some influence in easing the situation. Non-interest-bearing advances by the Government to banks engaging gold for import would enable the clearing house institutions to count the gold in transit as cash