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MONEY MORE COMFORTABLE.

Easing of the money markets and increasing confidence on the stock exchanges have marked the past week. As yet the relaxation in money has not found expression in open reduction of the quoted rates on call loans to brokers—these are still nominally at the 6 to 6½ p.c. level; but it is understood that rates have been shaded on various occasions, and except in cases where the circumstances are a little unusual 6½ p.c. has practically been abandoned as a basis for new loans. It was inevitable that the slowing down of construction work and of industrial operations should cause some piling up of idle cash at the centres; and when that occurs the call loan departments of the banks are the first to give reflection of changed conditions.

STOCK EXCHANGE PROSPECTS.

Undoubtedly the more comfortable monetary position is responsible to some extent for the improvement in sentiment at the Stock Exchange. Traders have for some time been preaching the doctrine that stocks are cheap and that as soon as it was possible to borrow freely or easily an advance in security prices would be seen. However, it is understood perfectly in the brokerage offices that the improvement in monetary conditions by itself can only help the stock market up to a certain point. As soon as borrowing can be conducted normally, so to speak, or rather when that condition has prevailed for a little while, the rise in stocks attributable thereto naturally comes to an end, and then speculative buyers look at the business outlook for their cue. At present there is apparently no reason to look at the business situation dejectedly or despondently. The country is adjusting itself rapidly to the conditions now prevailing; and it is only a question of a little time before the wheels again begin to increase their momentum. In the meantime we have the opportunity to weed out or eliminate some undesirable features of our business life which came into prominence, more or less, during the recent period of prosperity.

EUROPEAN POSITION.

Bank rate in London was reduced yesterday to 4 p.c. In the London market call money is quoted 2 to 2¼ p.c.; short bills are 2⅞ p.c.; and three months' bills, 2 15-16 to 3 p.c. These rates are distinctly less than last week's quotations; and the tendency is downwards. Bank rate at Paris is 4 p.c., as against 3½ quoted privately in the market. The German bank rate was reduced yesterday to 4½ per cent. and the private rate is down to 2¾.

The collapse of the South African strike was heartily approved at the London Stock Exchange, and in the city generally. Strictures laid by various newspapers and politicians on Premier Botha's sharp methods of meeting the situation were not taken very seriously. Doubtless many think it would be better for the United Kingdom and perhaps for British labor if the demands of the unions at home met a stronger resistance. Latterly they seem to have been getting nearly all that they saw fit to demand.

POSSIBILITIES OF NEW BORROWING IN LONDON.

The remarkable easing of the London money market gives promise that the work of arranging for funding the large mass of temporary loans, left over from 1913, and that of providing for the needs of the large borrowers whose applications have been so long deferred will proceed satisfactorily. Canada is largely interested in this process. Our municipalities, railways and industrials are awaiting improvement in London. Probably in a comparatively short time it will be feasible to float some high-class Canadian municipal and railway loans at the British centre, but it may have to be at rates not much reduced from the level obtaining in 1913. So far as our industrial and miscellaneous loans are concerned the probability is that London will exercise great discrimination in the current year.