

The Council of Foreign Bondholders gives the following as loans in default, 1903-4:

	Principal Approximate.	Interest Arrears:
	\$	\$
Argentine Municipal Loans.....	3,968,000	3,571,100
do Prov'l Cédulas.....	72,299,260	.....
Costa Rica.....	10,000,000	3,000,000
Former Confederate States.....	12,009,000	34,286,400
Guatemala.....	7,414,000	1,927,600
Honduras.....	26,992,850	76,002,800
Louisiana certificates.....	922,160	.....
Mississippi.....	7,000,000	24,000,000
West Virginia.....	15,239,370	.....
Total.....	\$155,934,640	\$142,867,900
Amount in 1904.....	197,000,000	145,096,000

The statement and record is enough to prevent any prudent investor putting his money in Spanish-American securities.

### SOME MONETARY CHANGES IN EUROPEAN AND UNITED STATES BANKS SINCE 1904.

There have been events since the latter part of the year 1904 which have had an important effect upon the monetary situation. Fortunately for the world two of the most momentous of these events have been favourable, viz., the closing of the war between Russia and Japan, and the occurrence of abundant harvests on this continent, with fairly average ones in other leading sources of supply. Had it not been for peace being established and the crops being large, there would have been serious depression in the money market. No doubt the beneficial effects of peace have been offset to a considerable extent by the revolutionary disturbances in Russia, but a shortage in the food supplies would have had a more disastrous effect upon financial interests than the anxieties and fears created by the revolts in the Russian Empire. Those outbreaks have not, to any material extent, either wasted capital, or dried up the sources from which it is derived, but, bad harvests exercise both of these malignant influences.

Taking first the conditions of

#### THE BANK OF ENGLAND

at the end of November, 1904, and same date 1905, we find them to have been as follows, the sterling pound in all the tables being represented by \$5 currency:

	Nov., 1904.	Nov., 1905.	Increase or decrease.
	\$	\$	\$
Coin and bullion....	164,278,000	164,871,000	Inc. 593,000
Circulation.....	137,449,000	142,711,100	Inc. 5,262,100
Deposits.....	245,176,000	278,020,000	Inc. 32,844,000
Securities.....	2,648,100	253,087,000	Inc. 250,438,900
Reserve.....	119,079,000	114,410,000	Dec. 4,669,000
Per cent. of reserve to liabilities.....	50½ %	41½ %	Dec. 9 %
Bank rate.....	3 %	4 %	Inc. 1 %

Throughout the whole of 1904 the bank rate stood at 3 p.c. In March, 1905, the rate was reduced to 2½ per cent. and remained at that figure until 6th

September, when it rose again to 3 per cent. and at the close of that month advanced to 4 per cent.

The change from 3 p.c. to 2½ p.c. on 8th March, resulted from conditions which caused the ratio of reserve to liabilities to rise to 56½ per cent. This was 7 per cent. higher than the average of the year to that date, March 8, the amount of coin and bullion then held being \$198,749,000, which was \$22,500,000 over the average of the year to that date.

When the rate in September was raised from 2½ per cent. to 3 per cent., the reserve, which had been gradually declining, sank to 45 per cent. against 56½ per cent. in March. The amount of coin and bullion on hand in September was \$178,469,000, bullion on hand in September was \$178,469,000, rate was lowered from 3 to 2½ per cent.

The following shows the stock of coin and bullion in Bank of England and reserve at the date of the more recent changes in the bank rate:

	From 3 to 2½ p.c. Mar. 8, 1905.	From 2½ to 3 p.c. Sept. 8, 1905.	From 3 to 4 p.c. Sept. 27, 1905.
Coin & bullion	\$198,749,000	\$178,469,000	\$18,144,000
Reserve.....	56½ p.c.	45 p.c.	40 p.c.

The stock of coin and bullion held at end of November with the reserve and rate in previous years is given in "The Economist," London, as below:

	Coin & bullion, Nov. 1905.	Coin & bullion, 1904.	Coin & bullion, 1903.	Coin & bullion, 1902.	Coin & bullion, 1901.	Coin & bullion, 1900.
	\$2,720,000	\$164,774,000	\$59,465,000	\$164,278,000	\$161,711,000	\$161,711,000
	57½ p.c.	4½ p.c.	49½ p.c.	50½ p.c.	41½ p.c.	41½ p.c.
	2 p.c.	4 p.c.	4 p.c.	3 p.c.	4 p.c.	4 p.c.

The stock of coin and bullion and the reserve are good indications as to the course of the financial movement, but to form a judgment as to its probable course in the immediate future there must also be considered the conditions in other monetary centres, and those impending, such as, the state of the crops, the prospects of peace or war, and other factors which affect the financial barometer.

#### EUROPEAN BANKS.

We now turn from the record of the Bank of England since this period 1904, to note the principal changes in the other great banks of Europe during the same period:

	Bank of Russia. \$	Bank of France. \$	Bank of Germany. \$	Bank of Austria. \$
Gold, etc., 1903...	376,705,000	701,423,000	224,635,000	293,000,000
" 1904...	459,405,000	751,500,000	240,620,000	303,500,000
" 1905...	457,405,000	798,000,000	209,365,000	286,000,000
Balance abroad, 1903...	77,565,000	.....	.....	.....
" 1904...	82,505,000	.....	.....	.....
" 1905...	148,725,000	.....	.....	.....
Discounts, 1903...	216,000,000	269,180,000	246,395,000	82,500,000
" 1904...	200,310,000	226,160,000	212,939,000	108,000,000
" 1905...	24,120,000	212,315,000	261,315,000	124,400,000
Deposits, 1903...	23,730,000	132,712,000	121,470,000	.....
" 1904...	23,800,000	169,150,000	133,565,000	.....
" 1905...	24,935,000	182,850,000	127,300,000	.....
Circulation, 1903...	299,500,000	813,370,000	312,050,000	351,000,000
" 1904...	117,560,000	850,560,000	314,750,000	362,110,000
" 1905...	552,310,000	892,350,000	324,935,000	364,400,000