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THE GENERAL FINANCIAL SITUATION.

The continent secured the bulk of the $4,500,000 Transvaal gold arriving in London at the beginning of the week. On Thursday the Bank of England directors raised their rate to 4 p.c. During the week the signs have pointed strongly towards dearer money, and market rates have risen at all the great centres. In the London market call money is 1 p.c.; short bills 3¾ p.c.; and three months bills, 3¾ to 3⅞. The official rate of the Bank of France is continued at 3 p.c.; that of the Bank of Germany has been raised from 4 to 5 p.c. The Paris market has hardened further—money being now worth 2¾ there, and 4¼ p.c. at Berlin.

It was noted in last week's CHRONICLE that the large Turkish loan issued chiefly for military purposes, had been secured by an English syndicate headed by Sir Ernest Cassel. Dispatches since coming to hand state that this syndicate has abandoned the loan on account of the expressed opposition of the British and French governments. It is assumed in consequence that it will now be impossible for Turkey to secure these funds in London or Paris. And, unless Germany and Austria come to the rescue and provide the capital, the Turks will have to postpone the armament increases they have in mind. It is well known that a large part of the proceeds of the proposed loan was to go to the Krupps. The Western powers were averse to the transaction, for one reason because of the unsettled state of affairs in Crete and Greece. Some authorities suppose Germany will utilize the occasion to advance Turkey the money she requires and thereby attach the Turks to the Austro-German political combination.

Money rates in New York have strengthened in the past few days. Call loans are 2¾ p.c.; sixty days, 4 p.c.; 90 days, 4¼; six months, 4½ p.c. Saturday's bank statement revealed a further shrinkage of the surplus reserve. Loans increased $6,800,000; cash decreased $3,400,000, and the surplus fell $3,800,000. It now stands at $17,576,225. The trust companies and non-member state banks on the other hand have continued to strengthen their position. Their percentage of reserve is 18.7 against 18.2 at the end of the preceding week. So they can presumably take over a considerable amount of loans now carried by the clearing house banks should the occasion for doing so present itself.

The monetary situation in New York may be affected materially by the controversy over guaranteeing cotton bills of lading which is now agitating the English and United States bankers, and which was referred to in last week's CHRONICLE. If some agreement is not reached under which the English banks will accept the cotton bills about to go forward from America there will be considerable confusion in the foreign exchange market at New York. It is said that the New York bankers will contrive to provide the necessary funds for financing the cotton movement even if the British banks remain obdurate over the matter of accepting drafts with unguaranteed bills of lading attached. An English authority has pointed out that New York could do this only through using funds which are now applied to some other purpose; and in that case other interests than the cotton exporters will require to look to Europe for accommodation which they ordinarily get in New York. The London bankers may thus get business which they will consider satisfactory, to take the place of the acceptances against cotton shipments. In connection with this matter it is to be observed that the Canadian banks met with some small losses through the Knight Yancey forgeries; and as they are large buyers of cotton bills they are much interested in the conclusion of an agreement between the two parties.

During the week there has been a resumption of the gold movement from New York to Canada. With this in progress along with the regular movement of cash from New York to the interior of the United States, and the unsettled state of the cotton financing, it is difficult to estimate what measure of stringency the big American market will experience between now and the end of the year. Probably the money market situation will be regarded as being hardly calculated to be favourable to any pronounced bull movement in Wall Street stocks.

In Canada call loans are on the same level as a week ago, viz., 5 p.c. in Montreal and 5½ in Toronto. The excitement in Montreal Power stock has continued and in the financial district there is much curiosity as to what will be the outcome of the struggle for possession of Montreal Street Railway. Whatever else may happen it is looked upon as practically certain that there will be creation of an important amount of new securities.