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THE GENERAL FINANCIAL SITUATION.

The bulk of the $4,000,000 new gold offered in London on Monday was bought by the Bank of England. Although bank rate is unchanged at 3 p.c., discounts at the Imperial capital exhibited a tendency to harden. Call money is quoted 2¼ to 2½; short bills are 2 15-16 p.c.; and three months bills, 3 p.c.

French bank rate is held at 3 p.c. and the German Imperial Bank quotes 4½. In the Paris market discounts are 2 13-16; and in Berlin they are 3⅜. Financial affairs in Europe have been moving quietly on the whole. British Consols, however, continue to droop. On Monday they reached 75, a new low record for some 80 years. The further fall was said to have been caused by rumors that an issue of $50,000,000 Exchequer bonds, for purchase of telephone lines by the British Government, was impending. Later it devolved that the rumors were premature, but recovery in Consols was slight. Continued activity in the matter of issuing new securities of various kinds also had its effect on the money and securities markets. On Monday alone no fewer than eight prospectuses of new concerns were put out, asking for capital aggregating nearly £3,000,000.

A further distinct advance in New York money rates has been seen this week. Call loans are 3 p.c. six day loans, 3¼ to 3½ per cent.; ninety days, 3½ to 3¾ p.c.; and six months, 4¼ to 4½ per cent. The clearing house institutions on Saturday succeeded in making good the deficit in their reserves. They effected a loan reduction of $37,276,000, while their cash holdings increased $12,230,000; and the excess cash reserve stands at $10,706,550 which showing is $16,110,750 better than on the preceding statement day. Taking the banks alone, the loans decreased $41,530,000; the cash increased $7,657,000; the deficit of $7,775,750 was wiped out and a surplus of $8,031,750 created. The banks having deficits, or some of them, were obliged to call loans extensively in order to bring their reserves up to legal requirements. And this forced liquidation naturally had an adverse influence upon Wall Street quotations for stocks. It is generally understood that the half-year and special payments incidental to the half-year and certain important special transactions in connection with corporation necessities had much to do in wiping out the bank surplus. Then it is supposed that the New York and Chicago banks have extensive loans which they can recall from Berlin in a short time. At any rate much has been said about the extensive assistance rendered by the big American banks to Berlin banks when the latter institutions were facing their troublesome crisis. But it seems strange that New York should be obliged in the last few weeks to export gold to Europe if the American bank loans to Berlin are as large as is supposed. One would imagine that if the Americans had such large amounts payable to them in a short time by Berlin, they would have been able to utilize the balances in such manner as to avoid exporting gold now. The gold exports serve to cast as doubt upon the existence of very large debts of Berlin to New York.

In the meantime the season in which New York will be required to ship currency in heavy volume to the interior centres for crop moving purposes is fast approaching; and considering the small surplus of the banks it is not surprising that monetary experts look for higher interest rates. In this connection it is to be noted that the railways are buying cars and engines quite actively in anticipation of a marked expansion of their freight traffic. And the steel trade is full of confidence as to the immediate future. This prospective increase in general business activity promises to be an important factor in absorbing the available funds of the money markets. So it is easy to reach the conclusion that rates for call loans and time loans in Wall Street will show a steadily rising tendency during the remainder of the year. The securities markets are not, apparently, showing any great alarm over the political situation.