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Banking, Insurance and Finance

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THE GENERAL FINANCIAL SITUATION.

The Bank of England secured the bulk of the \$4,500,000 new gold appearing on the market at the beginning of the week. The 5 per cent. bank rate has been continued in force. In the London market call money is 3½ to 4 p.c.; short bills are 4 5-16 to 4¾ p.c.; and three months' bills, 4¾ p.c. Bank rate at Paris is 4 per cent., and at Berlin, 6 p.c. Discounts in the private market at the French centre are 4 p.c.; while they are quoted at 4¾ to 5 in the Berlin market.

* * * *

All the great international markets have been affected by the death of J. P. Morgan. However, the effect produced by the event is as yet largely sentimental. The dead financier had withdrawn from the active management of his great private banking business; and it is understood that his affairs had long ago been arranged in such manner as to ensure that no confusion or special liquidation of his securities would take place at his demise. The loss

to the United States and financial Europe is there nevertheless. The better informed critics are inclined to think that it will be felt, perhaps acutely, the next time the American republic is passing through a financial crisis.

In the meantime the Balkan War is obviously about ended; and the international markets are permitting themselves to feel better over the circumstance. It is quite probable that the return of hoarded money on the Continent of Europe will help materially to finance the large new loans necessitated by the war.

* * * *

Call loans in New York have ranged widely from 3½ to 7 p.c., most of the business being done at the lower figures. Time money has not been in much demand and the market exhibited an easier tendency. Sixty day loans are quoted at 4¾ to 5; ninety days, 4¾ to 5; and six months, 4¾ to 5. A further increase in surplus reserves was effected at the big American centre. According to the Saturday statement all members of the clearing house increased loans \$14,600,000 and increased cash holdings about \$7,000,000—the net result being an increase of \$2,206,000 in surplus. It now stands at \$15,762,600. In case of the banks alone the loans increased \$6,133,000, the cash holdings increased about \$8,600,000, and the surplus increased \$4,817,000.

* * * *

During the week the Wall Street securities market has shown an advancing tendency, largely due to the retirement of an extensive short interest. The market had been subjected to a severe test in the shape of the flood damage; and it had exhibited no weakness. Then came another unexpected shock in the death of J. P. Morgan. That also was withstood. Naturally the bears reasoned that the technical position must be strong; and many of them decided to even up their contracts.

* * * *

The flood damage is taken quite seriously as a money market factor. The railways have suffered heavy losses—many bridges being swept away and miles of track destroyed. It is pointed out that even a comparatively small bridge may cost \$200,000, and some of the larger structures cost upwards of \$1,000,000. Thus there will be necessitated important applications to the money market for funds to restore the losses. At the same time it is to be remembered that the traffic of the roads will be interrupted and their revenues will undergo reduction. The iron and steel industry is also notably affected as many of the important plants are located in the districts that were inundated. The shut-downs will serve to decrease the output and earnings. It is not expected, however, that the floods will have any disastrous effect on the agricultural output of Ohio and Indiana.