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THE GENERAL FINANCIAL SITUATION.

This week again the Bank of England secured the bulk of the Cape gold arriving on Monday. The amount was \$3,000,000. The directors have continued the 3 p.c. Bank rate, but the open market in London has eased somewhat further. Call money is $1\frac{1}{4}$ to $1\frac{1}{2}$; short bills, $2\frac{1}{8}$ p.c.; three months' bills, $2\frac{1}{8}$ to $2\frac{3}{16}$. At the continental centres rates are unchanged. In Paris, bank rate is 3, and market rate $2\frac{1}{8}$; in Berlin, bank rate is 4, market rate $2\frac{3}{4}$.

New York also has a money market practically unchanged from a week ago as regards rates. Call loans are $2\frac{1}{4}$ p.c.; sixty days, $2\frac{1}{4}$ to $2\frac{1}{2}$; ninety

days, $2\frac{1}{2}$ to $2\frac{3}{4}$; six months, 3 p.c. On Saturday the associated banks reported a very substantial loan reduction—\$15,250,000—which served to more than balance their cash loss of \$3,100,000. The surplus was increased by \$1,200,000 and stands at \$41,630,825. The trust companies and non-member state banks on the other hand reported a substantial increase of loans, \$8,937,500; their cash increased \$1,000,000 and the percentage of reserve to liability rose from 17.6 to 17.7. It is thus apparent that the bank position in New York is maintaining its strength through the spring months. This, of course, is largely due to the prolonged inactivity of the Wall Street stock market. For this inactivity there are some good reasons. A short while ago a banker in Boston expressed his surprise that the stock markets had not begun to reflect the improvement which he saw in general conditions. As a matter of fact, the improvement which has taken place has been quite largely in connection with underlying conditions. The railways have been economizing; individuals have been doing likewise. The prices of many commodities have fallen and the various trades and industries concerned have been adjusting their affairs in consonance therewith. Events are moving in a manner calculated to force a lowering of prices of other commodities which have so far been held more or less rigidly. The curtailment of operations by the cotton mills is one of these events and the falling off in consumption of iron and steel goods is another.

A favorable feature is found in the United States Government's monthly grain report published on Monday. It appears from that document that the condition estimate of the growing wheat is higher than the May estimate of 1909 and 1910, and is "above a ten-year average May condition which includes such bumper crops as 1906, 1905 and 1902," as the New York Evening Post puts it.

Money rates in Canada are unchanged—call loans being still quoted at $5\frac{1}{2}$ p.c. There has been no appreciable easing of the situation as regards money and credit in this country. Some shipments of gold have been made from New York to Montreal. This represents the bringing home of balances by the Canadian banks. It is just possible that a part of this gold may have been recalled in order to finance some of the mergers and other deals which necessitated the placing of new securities upon the market. When a bank undertakes to see the underwriters through a transaction of this kind it may very likely find it necessary to import gold if New York funds are selling too cheaply in the exchange market. There will be adverse balances to meet at the clearing house and preparations must be made to meet them in such manner as not to impair or cut into the regular reserve of specie and legals.