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THE GENERAL FINANCIAL SITUATION.

Cable dispatches state that there was no foreign demand for the $3,500,000 new gold which reached London on Monday. Most of it passed into the hands of the Bank of England. United States buyers yesterday purchased from $750,000 to $1,000,000 gold in London, and from New York comes the intimation that the American bankers may reappear next week as bidders for gold in London. During the period of Europe's extreme nervousness over the Balkan War, New York has forborne pressing its rights to draw gold from the big international centres. The exports of cotton, wheat, corn, and other produce from America have been going forward most extensively; and there is no doubt that the exports have served to build up the credit balances carried in London and Paris by the New York banks. Against these credits, however, should be placed the debits resulting from sales of American securities by European holders at the outbreak of the war. This is currently placed at about 400,000 shares. Latterly it is supposed that about 100,000 shares have been re-purchased; and it is believed that further extensive re-purchasing will be in evidence once the political outlook definitely clears up. These re-purchases on the part of Europe, taken in conjunction with the extraordinary volume of American exports, have turned the foreign exchanges at New York towards the gold import point and aroused expectations that New York would bid for next Monday's new gold.

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Bank rate in London has been held at 5 p.c. In the market an easier tendency is observable—call money is 3¼ to 3½ per cent.; short bills are 4⅞ to 4 15-16 per cent.; and three months' bills 4 13-16 to 4⅞ per cent. A fractional recession is to be seen in the open market at Paris also—discounts being quoted at 3¾ per cent. The Bank of France quotes 4 p.c. as heretofore. At Berlin the market rate has risen in response to the action of the Reichsbank last week, in raising its official rate to 6 p.c. The quotation now made for discounts in the private market is 5⅝. It should be noted with reference to Germany that the ordinary banks are forbidden by Imperial law to discount bills at a rate more than 1 per cent. below the official quotation of the Reichsbank.

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Call money in New York is 5¾ p.c.; sixty day loans are 6 p.c.; ninety days, 5¾; six months', 5¼ to 5½. In the case of time money the quotations represent an advance upon last week's figures. But for the fact that speculation in stocks has not been active, interest in New York would probably have ruled at higher rates. The clearing house institutions were able to report a further slight gain in reserve strength, such gain being effected by means of liquidation of loans. The contraction of loans amounted to $6,795,000; cash holdings increased $536,000; and the excess cash reserve increased $817,-000—from $6,450,600 to $7,268,200. Taking the banking section of the clearing house by itself, it is seen that the loans increased $3,118,000, while specie and legals increased $7,184,000—the net result being a gain of $3,348,250 in surplus.

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It cannot be said that the reflex movement of currency—from the interior to New York—has as yet assumed very large proportions. However, many of the important interior banks are now building up their balances with New York correspondents so as to take advantage of the high rates for money usually prevailing from the middle of November to the end of December. In the last six months of the calendar year there is always a large amount of currency, taken from New York in the first instance, diffused over the agricultural sections of the country. While the major part of these funds is still unavailable, the big financial centre is required to provide money for the important dividend payments of 1st December and 1st January, for the holiday trade at Christmas and New Year, and for the various settlements pertaining to the end of the year.