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THE GENERAL FINANCIAL SITUATION.

The officials of the Bank of France evidently consider that it is advisable to persist yet awhile in the work of building up their gold reserve. At any rate their agents were instructed to bid for the gold offered on the London market on Monday—$3,500,000—and the metal was again taken for Paris. The English bank adheres so far to its official rate of 4 p.c. In the London market call money is 1½ to 1¾ p.c.; short bills are 3 7-16 p.c.; three months bills, 3½ p.c. Across the channel at Paris the market rate is 3½ and bank rate is 3½. At Berlin the market rate is 4⅜, and bank rate is 5 p.c.

European politics are still in a decidedly touchy state. Italy's adventure in Tripoli is not developing at all as expected and it looks very much as if the whole episode would furnish a remarkable illustration of poetical justice. In this case the party which proceeded in high-handed aggression to attack another party whose hands were apparently tied is becoming involved in much confusion. There is a moral in the Tripoli campaign for other nations which may be disposed to make an insolent use of a supposedly superior military and naval force. This expedition promises to react with considerable violence upon Italian domestic politics. Critics in other countries will have observant eyes for the developments beyond the Alps in the course of the next three or four months.

New York has seen a further hardening of the monetary situation. However, rates of interest are low enough yet. Call loans are 2½ p.c.; sixty day loans, ninety days, and six months, 3½ to 3¾ per cent. The Saturday statement of the clearing institutions, banks and trust companies, showed a large drop in the amount of excess cash reserve. It was caused by the loan expansion of $10,000,000 and the cash loss of $8,000,000 experienced by the member-institutions. The excess reserve fell to $11,532,000, the decrease in the week being $8,120,000. This loss of strength occurred nearly altogether with the banks. The statement submitted by the banks alone showed a loan expansion of $10,500,000, a cash loss of $7,900,000, and a fall of $8,700,000 in the surplus.

In the street it is understood that the showing of a falling surplus is largely due to the dividend and interest payments. Then there is also a considerable drain of cash to the South for financing the big cotton crop and to the West for moving the spring wheat. As regards Wall Street's sentiment the remarkable reversal of last week, of course, had a tendency to increase the demand for money. If the feeling of confidence continues to manifest itself in rising prices of securities, it is to be expected that the bankers will derive somewhat larger returns upon loans made to Stock Exchange houses. But no one expects a stringency.

Rates in Montreal and Toronto are unchanged at 5 to 5½ p.c. The stock markets have a confident tone in both cities, and notwithstanding the advances scored in the past month and a half it is said that there is not much sign of top-heaviness. Canadian prosperity is well assured. The record of bank clearings, railway earnings, and public revenue is such as to inspire confidence among holders of securities. It seems quite possible that the prosperity now prevailing in the Dominion may have some little effect in improving conditions in the United States. There is no doubt that the huge cotton crop that has materialized in the Southern States constitutes a bull factor of some consequence. And there are several other bright spots in the American outlook which will perhaps receive a larger share of attention in the next two or three months. In the meantime the