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THE GENERAL FINANCIAL SITUATION.

Of the new gold offered in the London market this week the Bank of England secured $3,500,000, while $1,500,000 went to India. Cable dispatches say it is expected that consignments of gold from other quarters will shortly reach England. The Bank directors have continued in force the 3½ p.c. official rate inaugurated by them two weeks ago. In the London market some softening of discount rates occurred. Call money is 2¾ to 3¼ p.c.; short bills are at 2⅞; three months bills also lower at 2⅝ to 2 11-16. At Paris, discounts in the market are 2 3-16 and at Berlin they are 3. The Bank of France and the Bank of Germany quote 3 p.c. and 4 p.c. respectively.

The tendency at New York has again been downwards, and it has manifested itself mostly in connection with the rates for call loans. These are quoted at 2⅜. Although this figure is in fact a fraction higher than that quoted last week it is the case that money loaned at call in New York this week at 1 p.c. which represents the lowest rate quoted in the last six months. Time money is unchanged: sixty days, 2¾ to 3 p.c.; ninety days, 3 to 3¼; six months, 3½.

On Saturday the clearing house banks reported an increase of $1,636,000 in surplus reserve. They effected it through increasing their cash holdings by $4,700,000. This served to more than offset the loan expansion of $7,850,000. The surplus now stands at $41,278,350. Trust companies and non-member state banks maintained their proportion of reserve to liabilities at last week's figure—17.4 p.c. Their loans also increased—the increase being $1,604,000; but as their holding of cash increased by $1,100,000 their strength was not impaired by the loan expansion.

It is apparent that the liquidation in Wall Street precipitated by the recent unfavorable ruling of the Interstate Commerce Commission upon the freight rate question, has operated to strengthen the position of the New York banks; and it is not at all likely that the railways in the United States will be disastrously affected by the refusal of permission to raise their freight rates. A dispatch to the New York Journal of Commerce from an interior iron centre states that the iron and steel manufacturing companies, in anticipation of a favorable verdict from the Interstate Commerce Commission, were preparing to raise their prices for steel goods supplied to the railways. Now, however, that intention is said to be abandoned. It is well known that the financiers who are said to direct the destinies of the United States Steel Corporation and other steel manufacturing concerns, are very influential in the councils of sundry important railway systems. And it is suspected that in the past this financial influence has operated to induce the railways to pay the steel companies higher prices for supplies than would probably have ruled if the railways could bargain for these goods with entire independence.

Next there have been critics, possessing some knowledge of the railway business, who have believed that the railway companies in the past have acquiesced too readily and willingly in the de-