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THE GENERAL FINANCIAL SITUATION.

There being no outside competition for the Transvaal gold offered in London on Monday—something over \$4,000,000—the whole amount was secured by the Bank of England. The big British institution thus effected a further strengthening of its reserves, and its position is now so strong that it should be able to take care of any situation likely to develop. The directors made no change this week in the bank rate. It is the general opinion that the 4 per cent. rate established last week will be sufficient for the present unless unexpected disasters occur. There has been a further rise of discount rates in the London market. Short bills are $3\frac{7}{8}$ per cent.; three months' bills, $3\frac{7}{8}$ to 4 per cent. The market thus approximates closely to the bank rate. The same conditions, it will be observed, prevail in the great continental centres. Call money in London also retains its stronger tone, and is held at $2\frac{1}{2}$ to $2\frac{3}{4}$ per cent. At Paris discounts in the market are $3\frac{1}{2}$ per cent., the same as the re-

cently inaugurated Bank of France rate. And at Berlin the market rate is $4\frac{3}{4}$, not far below the Reichsbank's 5 per cent.

European finance had to take account on Tuesday of the suspension of the Bank of Egypt. Dispatches state that the suspension was unexpected. The head office of the bank is in London and among its directors are several gentlemen also sitting on the boards of big English banks. It is announced that no lasting ill effects are expected to follow the suspension, as, while the bank was well known, it had but \$15,000,000 in deposits. The dividend rate had shown wide fluctuations. For the years 1899 to 1910, dividends ranging from 12 per cent. to 18 per cent. per annum were paid. For last year 14 per cent. was paid. This year, in July, 4 per cent. was paid, this being the usual interim dividend.

The failure is said to be mainly due to severe losses incurred through the bad judgment of a former manager several years ago. Last March the directors wrote off £200,000 from the reserve fund to cover these losses, but this proved insufficient, as further concealed losses were subsequently developed. In addition the bank, like other institutions, has suffered by the great depreciation in Consols and other prime investments. Coming as it does after the Birkbeck failure and the reorganization of the Yorkshire Penny Bank, the downfall of the Bank of Egypt will probably serve to further unsettle the London market. THE CHRONICLE mentioned last week that not a single Canadian issue of new securities has been publicly made in London for two months. It would perhaps be wise for Canadian bankers, and for the officers of municipalities and other corporations, to adjust their affairs to suit the altered conditions prevailing in our great supply market. Judging from the state of the great European financial centres, it may be some little while before our corporations can again count upon dipping freely and cheaply into the European reservoir of capital. It would seem, too, that those financiers in Montreal and Toronto who talked lightly of putting the prices of Canadian securities higher were either deceiving the public or they had not given proper consideration to developments abroad.

In New York, money rates are not greatly changed. Call loans are $2\frac{1}{4}$ per cent.; sixty-day loans, $3\frac{1}{4}$ to $3\frac{1}{2}$; ninety days, $3\frac{1}{2}$ to $3\frac{3}{4}$; and six months, 4 per cent. The clearing house institutions, all members, reported on Saturday, a loan contraction of \$8,200,000, cash loss of \$2,100,000, and decrease in excess cash reserves of \$900,000. The excess reserves now stand at \$24,200,000. Taking the banks alone the loans contracted \$3,100,000, the cash decreased \$2,100,000, and the surplus fell \$1,100,000. New York is now a cheap market for borrowers. Further loans are said to have been made by New York bankers to Berlin. Transfers of funds to the disturbed European markets served to strengthen sterling exchange in New York