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THE GENERAL FINANCIAL SITUATION.

As there was no competition from the Continent, the Bank of England secured the $3,500,000 of new gold arriving in London at the beginning of this week. The official discount rate was left at the 4 p.c. notch. The London market has eased off somewhat, especially in the case of call money, which is now quoted at 2¾ to 3. Short bills are 3⅜; three months bills, 3 9-16. Open market in Paris is the same as a week ago—2½ p.c., while Berlin has, like London, shown a tendency towards cheaper money. The Berlin market is 3⅜ as compared with 3½ last week No change has occurred in the official rates quoted by the French and German central banks. The Bank of France adheres to 3 p.c. and the Bank of Germany to 5 p.c.

Interest rates in New York have not changed materially. Call loans are 2¼ to 2½; sixty days, 3; ninety days, 3¼ to 3½; and six months, 3½ to 3¾. The clearing house banks were able to report on Saturday another large gain in cash—$12,-500,000; but the cash gain was neutralized by the huge expansion of loans that occurred. Loans increased $45,500,000 and the surplus decreased about $2,000,000. If now stands at $37,358,000. It is noteworthy that in the three weeks between January 7th and January 28th, the loans have increased $84,000,000. Quite probably further large expansion of the loan account will be seen as the clearing house institutions are obliged to receive back the loans recently shifted to other institutions. As the return flow from the interior may be expected to decrease in volume during February, and as there are some important issues of new securities to finance, it may be that the month will witness a substantial lowering of the surplus of reserve. Quite probably the financing necessary for the flotation of the big New York city loan was responsible for a large part of the loan increase reported on Saturday. The trust companies and non-member state banks would also participate in that transaction and it is to be observed that they reported a loan expansion of $4,500,000 Their cash gain was $420,000 and their proportion of reserve to liability fell from 17.5 p.c. to 17.4 p.c.

The evidences of trade reaction in the United States continue to appear from day to day. A number of the important industries are not in satisfactory condition. The cotton trade is much troubled over the high price of the raw material. The executive officers of the mills have been holding meetings and have been arriving at the decision to curtail their operations. Raw cotton has ruled high for over a year, and the mills have found it impossible to raise the selling prices of their finished product to such an extent as to give them a profit. Their troubles are due to the short yield of cotton, and improvement cannot well occur until raw cotton comes down in price. That may not happen till the next crop is taken off. The steel industry also is depressed. But in its case the trouble arises from over production, which in turn is largely due to the action of the Steel Trust in arbitrarily maintaining prices at high levels. The true remedy for the troubles of iron and steel is reduction of prices. It remains to be seen whether it will be put in force. Then the copper trade is suffering severely from over-production brought