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THE GENERAL FINANCIAL SITUATION.

As no outside competition developed for the weekly supply of new gold offered on the London market, the whole amount—$5,000,000—passed automatically into the possession of the Bank of England. The big English bank continues in force its official rate of 4 p.c. The London market's rates of discount are about the same as a week ago: call money, 2½ to 3; short bills, 3¾; three months' bills, 3⅝ per cent. In Paris, discounts in the market have eased a fraction, the rate now being 3¼; the Bank of France, however, quotes 3½ as heretofore. In Berlin on the other hand the tendency is still towards hardness—the market rate being 4⅝ while the Reichsbank's official quotation is held at 5 p.c. It is said that the great German banks are still bidding 4½ p.c. for loans in New York and that some American money is still finding its way to Berlin through these loans. However, two circumstances have been at work to drive interest rates in New York higher; and that development, of course, has a tendency to check the movement of the funds of New York bankers into foreign investments.

Call loans in New York have moved upwards to 4 per cent. Sixty day loans are 3½ per cent.; ninety days, 3½ to 3¾; and six months, 3¾ p.c. A further decrease in the banking surplus cash fell $6,300,000; and the excess cash reserves de- in the American metropolis was revealed by the Saturday statement. Taking all members of the clearing house the loans decreased $13,500,000; the cash fell $6,300,00; and the excess cash reserve decreased $1,400,000. This decrease brought the excess reserve down to $,900,000. In the case of the banks alone a better showing was made. Their loan contraction was greater and their cash loss was less, the former being nearly $20,000,000 and the latter $5,200,000. Evidently the banks had recourse to the old expedient of shifting loans to the trust companies. By this means they were able to show an increase of $730,000 in their surplus making it nearly $9,000,000.

One of the factors tending to make New York money dearer was the continued movement of gold to Montreal on account of the Tramways deal. The $10,000,000 which Canada has taken made an appreciable difference in the position of the New York banks. Then the revival of speculation for the rise in Wall Street stocks has also had a tendency to increase the demand for money on this side of the Atlantic. However, it is to be remembered that the dividend and coupon disbursements on 1st December would require considerable financing; and any hardening of rates due to that cause would be but temporary. On the other hand the year-end financing is approaching, and if the Wall Street market remains its attitude of confidence, the demand for credit may be strong enough to lift the rate for call loans well above the 3 p.c. level towards the end of the year.

The various markets in Europe and America appear to have taken Sir Edward Grey's recent speech on Anglo-German relations as reassuring. The whole attitude of the British Government throughout the Moroccan affair has been of a nature to impress upon the Germans the fact that Britain will show no wavering or hesitancy in safeguarding British interests and in living up to her treaty obligations. A weak or hesitant tone on Britain's part would but lead to further episodes like the sending of the Panther to Agadir and like the demand made on France several years ago for the retirement of her Foreign Minister.

The monetary situation in Montreal and Toronto has undergone a temporary hardening. Call loans have not risen above the 5 to 5½ p.c. rates, heretofore quoted, but the banks appeared to have very little funds to spare for the market, and some institutions have called loans. It has been suggested in some quarters that window-dressing operations were responsible for these developments; and that the several