

THE FINANCIAL SITUATION.

The last Bank of England statement received showed an increase of bullion to extent of \$4,068,000. The percentage of reserve to liabilities was 46.14 p.c., an advance of 3.62 p.c. over previous week, but 6.23 p.c. below the figure a year ago. The deposits in the Bank of England were reduced in January last* from \$298,328,000 to \$266,815,000, a decline of \$31,513,000. The stock of gold increased in same month by 20 millions of dollars. The reserve on January 3, was the very low proportion of 29 7/8%, but has risen steadily ever since. The bank has reduced its rate for loans to 4 1/2 p.c.

The joint stock banks of England have been conferring with the Bank of England to consider the desirability of increasing cash reserves. No decided course was agreed upon. The Bank of England would not allow its policy to be dictated by the other banks, nor would the joint stock banks put themselves in a position to be dictated by the Bank of England. A remarkable charge against the bank was made at the meeting of Lloyd's Bank on 20th January, the president alleging that while the bank was taking money off the market to stiffen rates, its branches were discounting bills at an even lower rate than the bank minimum.

It is intimated that Russian loan operations are likely, ere long, to be a disturbing factor in the money market. Under the pressure of revolutionary conditions the gold standard in Russia has been abandoned and a forced paper currency resorted to provide for the needs of the Government. The gold reserve is over 83 millions, about 20 p.c., below the legal requirement. Owing to the conditions Russian securities have fallen several points.

The foreign trade statements of the United States for December, and for year 1905, have had a decided and wholesale effect on the money market, for after all the extent of a nation's exports is the leading factor in its monetary condition.

The following is the exhibit of the United States foreign trade for past 6 years:

Years.	Exports. \$	Imports. \$	Totals. \$	Excess of Exports, \$
1905..	1,626,962,300	1,179,358,800	2,806,321,100	447,603,500
1904..	1,451,318,700	1,033,909,100	2,485,227,800	415,409,600
1903..	1,484,753,000	995,494,300	2,480,247,300	489,258,700
1902..	1,360,685,900	969,316,800	2,330,002,700	391,369,100
1901..	1,465,375,800	880,419,900	2,345,795,700	584,955,900
1900..	1,477,946,100	829,149,700	2,307,095,800	648,796,400
Aggregate excess of Exports over Imports in 6 years \$2,977,393,200				

Large shipments of cotton and of grain in the early and later months of 1905, respectively, accompanied by a general advance in prices account for the exceptionally large exports.

It will be noticed that the imports into the United States have not enlarged proportionately with the exports, the excess of exports in 1905 being 38 p.c.

of the imports as against the excess being only 27 p.c. in 1900.

That, in six years, the exports of American goods exceeded the imports by \$2,977,393,200 is an imposing exhibit and liable to be misleading. Had this been a net balance it would have indicated an enormous addition to the wealth of the United States, but the annual balance in favour of the States, averaging close upon 5 millions of dollars yearly, was absorbed by payments for ocean freight and insurance, for interest and dividends due on securities held in Europe, for keeping American travellers in cash, and for paying for American securities re-purchased in the States from foreign owners.

The probability is that nothing was left out of these balances to the credit of Americans or American interests, in the countries whose shipments to the States fell considerably below the value of goods brought in from the States.

The following is a summary of the weekly returns of the Clearing House banks in New York City, Boston and Philadelphia:

	Loans. \$	Spec'ie. \$	Deposits. \$	Circulation \$
<i>New York.</i>				
Jan 13.	1,005,041,600	178,329,500	997,266,200	52,990,800
" 20.	1,025,595,500	189,968,300	1,029,369,300	52,683,400
" 27.	1,041,113,300	193,966,400	1,047,112,600	52,267,400
Feb. 3.	1,057,365,100	192,492,100	1,061,403,100	51,978,900
<i>Boston.</i>				
Jan. 20.	186,696,000	19,018,000	224,320,000	7,175,000
" 27.	186,915,000	18,193,000	216,921,000	7,178,000
Feb. 3.	184,771,000	16,538,000	212,663,000	7,195,000
<i>Phila.</i>				
Jan. 20.	209,611,000	*62,732,000	246,304,000	14,281,000
" 27.	213,102,000	*61,671,000	247,272,000	14,291,000
Feb. 3.	215,343,000	*60,432,000	247,118,000	14,257,000

* Includes Legal's

For Non-Member banks we have the following returns:

Feb. 3	137,254,700	5,983,300	147,016,000
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The treasury net holdings are stated in official returns for 1st December, 1905, and January and February, 1906, as follows:

	Dec. 1, 1905. \$	Jan. 1, 1906. \$	Feb. 1, 1906. \$
Holdings in Sub-Treasuries—			
Net gold coin and bullion.	285,582,811	284,836,080	259,856,877
Net silver coin and bullion	7,390,928	13,445,342	22,000,537
Net U. S. Treasury notes	42,278	55,116	28,721
Net legal tender notes....	3,484,466	3,418,925	8,987,735
Net national bank notes....	12,088,485	13,740,872	18,740,257
Net fractional silver.....	7,609,174	6,961,410	9,521,847
Minor coin, etc.....	291,714	628,199	817,788
Total cash in Sub-Treasuries.....	316,489,856	323,086,024	339,953,762
Less gold reserve fund....	150,000,000	150,000,000	159,000,000
Cash balance in Sub-Treasuries.....	166,489,856	173,086,024	169,953,762
Cash in national banks	65,607,937	64,764,367	64,343,644
Cash in Philippine Ids.	4,820,624	5,195,977	5,148,603
Net cash in banks Sub-Treasuries.....	236,918,417	243,046,368	239,446,009
Deduct current liabilities a	101,607,576	103,265,995	95,560,926
Available cash balance.	135,310,841	139,780,373	143,885,083

a "Chiefly de-linquent officers' balances."

d Includes \$1,294,351 silver bullion and \$817,788 minor coin, etc., not included in statement "Stock of Money."