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THE GENERAL FINANCIAL SITUATION.

European money markets have not been able to rid themselves altogether as yet of cause for uneasiness regarding war in the Balkans. This week again that matter has pushed itself into notice. Probably it would be correct to say that the general feeling on both sides the Atlantic is not so much uneasiness or alarm as irritation and annoyance at Austria and Servia for persisting in their troublesome attitudes. No doubt, the other powers—or some of them—wish it might be possible to do in this case what is often done to quarrelsome small boys at school—knock their heads together and ridicule them thoroughly. It is unthinkable that the rest of Europe will allow this dispute to develop into an important war. Public opinion generally is too decidedly against war at the present time.

Call money in the London market scored a further advance early in the week, but the experts look for a decided relaxation to follow important government disbursements this week and next, and the gold movement to London. Bank of England rate is still 3 p.c. Quotations in the discount market are call loans 2¾ to 3; short bills 2¼; three months' bills 2¼.

In Paris the market rate receded a shade, and is now 1⅛ as against the 3 p.c. maintained by the Bank of France. The Berlin market is fractionally higher, at 2⅞, while the Bank of Germany keeps up its official 3½ p.c.

No change has occurred in Canadian rates. Montreal and Toronto both quote 4 and 4½ p.c. as heretofore. Though it is said that quite a number of special loans have gone through at 3½, it seems likely that the well-known necessities of the national treasury at Ottawa will have something of an effect in keeping the money market from getting softer. Though the government financing has all been done in London, things seem to be developing towards the point where it will be advantageous to do something at home.

Rates of interest in New York changed little. In spite of the considerable gold exports call loans are still around 2 p.c. yesterday's close being 1¾; 60 day money is at 2¼ to 2½: 90 days, 2½ to 3¾; and six months 2¾ to 3.

Last Saturday's statement of the associated banks in New York, like the showing of the previous week, was devoid of startling features. Loans decreased $3,200,000, deposits decreased $4,200,000, cash decreased $1,800,000—net effect on the surplus being to increase it by $1,000,000, and to place it at $13,397,325. The trust companies and the state banks also exhibited featureless statements.

The gold export movement to Argentine has continued without abatement, and a new feature of international finance came into play in connection with the movement of gold from New York to London. A shipment of £1,500,000, which left New York last week, on arrival in London was taken into the vaults of the London city and Midland—one of the great joint stock banks—in place of going into the Bank of England as all such shipments heretofore have gone. The significance of this event lies in the supposition that it may represent the beginning of a new policy as regards cash reserves on the part of the big British joint stock banks. There has been much discussion in England for some years as to the best means of increasing the general gold reserve of the nation. All the joint stock banks have been in the habit of carrying light reserves of gold in their own vaults, and of having large balances in Bank of England notes and on deposit at the Bank of England. This plan meant that the Bank of England gold reserve constituted the main reliance for the whole country.

If other joint stock banks follow the London City and Midland and carry a larger reserve in gold against their liabilities, the inauguration of such a policy might create quite a prolonged movement of gold from New York to London.

In London finance the effect would be much the same as that of the trust company reserve law in New York. It would make a broader and safer foundation for the superstructure of credit.

Considerable satisfaction is felt in financial circles over the improvement in Canada's foreign trade during February. The first large increase in imports for fourteen months took place—$2,188,614. What this means will be better understood when it is remembered that for the eleven months to the end of February, the decrease in imports amounts to nearly $68,000,000. The February showing, besides being a satisfactory indication of returning prosperity, will be heartily