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THE GENERAL FINANCIAL SITUATION.

The fact that the Bank of England secured about \$2,250,000 of new gold on Monday and that its reserve is now at an exceptionally high level, has helped no doubt to keep money rates in the London market at a low level. At yesterday's meeting the directors of the bank made no change in the $2\frac{1}{2}$ per cent. official rate. For money in the open market London quotations are: $1\frac{1}{4}$ per cent. at call; short bills, and three months, $1\frac{3}{4}$ per cent.

At Paris the market rate is now given as $1\frac{3}{8}$ per cent. with no change in the official 3 per cent. quotation of the Bank of France. The Berlin market is $3\frac{1}{8}$ per cent.; the Bank of Germany $3\frac{1}{2}$ per cent.

It is worthy of note that latterly the money market situation in Berlin has tended to harden, and the prevailing rates for loans at the German capital have been considerably higher than those obtaining in the other important international centres. Financial interests in London and Paris must have heard with strong disapproval the decided utterances in the past month of high German naval and other officials against the idea of any agreement with Britain on the subject of warship building. One of the German admirals was especially energetic in protesting against his country's tying its hands in that manner. These speeches and the manner in which they were received, certainly did not help to clear the troubled European atmosphere. Constituting as they did, fresh proof of Germany's stern determination to build specially against the British Empire, it would not be at all strange if the great financial interests of London and Paris were inclined, by way of reply, to put some pressure in their line upon Germany. And in truth their power is very considerable. In action it moves silently, and is unaccompanied by press notices. But the force is exceedingly heavy, and those against whom it is directed are in for difficult times.

Of course, it is not certain that any systematic financial pressure is now being exerted on the Ger-

mans. If it were, one of the signs would be a rise in the Berlin interest rate to a point distinctly above the general European level. It is to be remembered that the disordered state of the German Government's finances would by itself tend to produce a higher Berlin rate. At the same time it is likely that there are British financiers now engaged in withdrawing capital from Germany largely as a matter of principle.

Liquidation of securities last week and this had a material effect in counteracting the hardening tendency of the preparation for the July dividend and interest distribution at New York. Though the stock market had got itself, through rapid advance and speculative activity, into a condition favorable to a reaction even if loans were not called, it is altogether probable that some of the large financial institutions having obligations to meet on the 1st July, intimated to parties involved in the speculation that funds held by them on loan would be required. Thus there would be a two-fold reason for the reaction. Call loans in Wall Street are quoted at $1\frac{3}{4}$ to 2 which is about the same as last week's price. Time money weakened slightly, partly owing, it is said, to lack of demand for speculative purposes, sixty days, $2\frac{1}{4}$ to $2\frac{1}{2}$; 90 days $2\frac{1}{2}$ to $2\frac{3}{4}$; and six months' $3\frac{1}{2}$ p.c.

Thanks to currency receipts from the interior, the liquidation in the stock market and to other preparations made by them, the New York Clearing House banks on Saturday effected a very large contraction of their loan accounts—\$35,270,000. As the loan reduction was accompanied by a \$4,700,000 gain in cash, the surplus was nearly doubled, and now stands at \$28,431,225 as against \$15,271,025 a week ago. It is to be expected that in the current week some considerable loans will have been negotiated by corporations having dividends or interest to meet, and unless the tendency is offset by other factors an increase in the loan account is to be expected.

In the ordinary course at this season foreign exchange at New York would be affected by offering of finance bills drawn on Europe by bankers and exchange houses in anticipation of the autumnal exports of wheat, cotton and other produce. Quite probably a number of those bills have been put out in the present month, but if they have been, they have apparently been overwhelmed by the flood of contra exchange required to pay for the large total of imports upon the States. Foreign exchange quotations, therefore, have not tended in the direction of imports of gold to America. On the contrary they have brought continued outgo. At midweek \$1,000,000 in coin was withdrawn for shipment to Argentina for the account of London bankers. The inquiry for exchange was sufficiently broad to indicate that gold shipments to Europe