

# The Chronicle

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THE GENERAL FINANCIAL SITUATION.

The Bank of England again secured the most of the African gold offered in the London market on Monday—the total amount offered being about \$5,000,000. Bank rate was raised to 4 p.c. In the open market call money is 2½ p.c.; short bills are 3½ to 3¾; and three months' bills, 3¾ p. c. It was well known that the bank is in control of the market, and the city had been expecting a rise in its official rate though, perhaps, opinion generally inclined to the view that a half per cent. step would be taken.

The Bank of France and the Bank of Germany maintain their discount rates unchanged—the former quoting 3 and the latter 4½. In the Paris discount market bills are quoted 2¾ and in Berlin they are 4½. European politics and finance are comparatively quiet at present general attention being given to the dishonorable efforts of the United States Senate and House of Representatives to escape the performance of their country's solemn treaty obligations in regard to the Panama Canal. However, although the rights of practically all of the great powers are affected by the proposed breach of faith

it is not at all expected that the shady American tactics will have any disturbing effects upon the world's peace or upon the international money markets. Great Britain and the other principal powers will, of course, take the necessary legal and diplomatic steps to secure their treaty rights. And if by process of arbitration or diplomatic pressure the United States are brought to recognize their obligations, no harm will have been done except to the big Republic. It will then be in the humiliating position of having tried unsuccessfully to escape the fulfilment of its contract. And if all attempts to induce the Americans to observe the provisions of the treaty are fruitless, then also the only real injury will be that inflicted on the United States by their own legislators and statesmen. The world will pass the matter by with a sneer and make up its mind that the American Government's signature to a contract or treaty may be worth nothing at all if it is not to the advantage of the Republic to carry out the provisions agreed upon.

Call loans in New York are 3 p.c., the market being a little harder than last week. Time money has also been somewhat firmer in tone, and not a great deal of money is available for the purposes of the borrowing classes. Sixty day loans are 3¼ to 4 p.c.; ninety days, 4¼ to 4½; and six months, 4¾ to 5 p.c. Thus the quotations for time money are gradually working higher, and it is expected that with the advent of September a further rise will be seen. The Saturday statement of clearing house institutions showed that the drain of cash to the interior has already reached important dimensions—the banks and trust companies having lost \$7,475,000 specie and legals during the week. Because of this loss, which was only neutralized in part by the loan reduction of \$1,440,000, the excess cash reserves decreased \$5,206,000—from \$20,552,000 to \$15,345,999.

The report issued by the banks alone showed that the cash movement pertained particularly to them. The banks effected a loan reduction of \$973,000 and their cash fell \$9,515,000. Surplus declined from \$20,913,000 to \$14,064,000—a matter of \$6,848,000. While it is true enough that the New York banks have latent resources to draw upon, it is nevertheless probable that the decline of the surplus has been largely responsible for the weakness manifested by the speculative stocks in Wall Street at times during the past ten days. It is not thought that the political campaign has affected the money and stock markets very importantly. The financial world has largely made up its mind that Woodrow Wilson is likely to be the next president of the United States; and it has also recognized that there is likely to be a notable movement in the direction of lowering the American duties on imports. So far as ex-president Roosevelt is concerned, the course of events thus far has been decidedly unfavorable to his candidacy. More and