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Money and Credit

Money rates were easier in the local market yesterday.

At the Stock Exchange call loans ruled at 2 per cent.

compared with 2 1/2 the day before, and some loans were placed at 1 1/2 per cent.

Time loans based on Stock Exchange collateral were also quoted slightly lower.

Loans secured by a mixture of railway and industrial collateral were obtainable at 4 to 4 1/4 per cent

for sixty days, 4 1/4 to 4 3/4 per cent for ninety days, and 4 1/2 to 4 3/4 per cent for four, five and six months.

Ruling rates for money yesterday, compared with a year ago, were as follows:

Call money, 2% Yesterday, 2% Year ago, 2 1/2%

Time money (mixed collateral): 60 days, 4% @ 4 1/4% 3 @ 3 1/2%

90 days, 4 1/4% @ 4 1/4% 3 @ 3 1/2%

4 months, 4 1/2% @ 4 1/4% 3 3/4%

5 to 6 mos., 4 1/2% @ 4 1/4% 3 3/4%

Commercial Paper—Only a moderate amount of business was done yesterday

at rates ranging from 4 1/2 to 5 per cent.

London Money Market—London, Aug. 1.—Money was in better supply at 4 per cent.

and discount rates were quiet, short bills being quoted at 4 1/4 per cent.

and three-month bills, 4 1/2 to 4 3/4 per cent.

Treasury bills amounting to \$50,000,000 were sold last week. Gold premium at Lisbon 90.

Gold Currents—The Sub-Treasury transferred \$3,750,000 to San Francisco

Finance - Economics

WALL STREET OFFICE: Mills Building, 15 Broad St.

Telephone: Hanover 6514

Wednesday, August 1, 1917

The day after publication of the most remarkable Steel report ever issued transactions in that stock totalled 78,300 shares, while the turnover of all stocks aggregated only 250,800 shares.

The value of American exports of manufactures ready for consumption was slightly smaller in May, 1917, than in the corresponding month last year, whereas substantial increases in exports of all other groups of commodities were recorded.

But the value figures do not measure the full extent of the decline because meanwhile there has been a great rise in prices. The statistics reflect the fact that the Allies, and particularly Great Britain, now depend upon the manufacturers of this country for a much smaller portion of their supplies of munitions than they did a year ago.

This is also shown by examination of the statistics showing their purchases of various commodities. May exports of explosives, for instance, fell off from \$68,540,000 to \$54,170,000, while there were substantial decreases in shipments of manufactures of brass, leather, zinc and numerous other products.

Evidently the munition makers would be facing a thin period were it not for the huge requirements of the United States government.

It is interesting to note that exports of copper and manufactures continue to show gains, their value in May being \$34,400,000 against \$21,100,000 in May, 1916. This increase was due partly to an advance in the average export price, which was 3.3 cents a pound higher last May than a year before, but the quantities exported were also much larger.

The month's shipments consisted largely of metal purchased some time previous, however. Europe's requirements of the metal are not diminishing, but it is not to be expected that Allied purchases will figure importantly in the copper market until the price fixing question has been settled.

Recent advances in copper quotations lack significance because sales have been extremely small in volume. Large American consumers too, are waiting to see what Washington will do in the matter of prices.

While holders of United States Steel common stock were perhaps disagreeably surprised by the heavy deduction for taxes in the June quarter, they must be very pessimistic indeed if they cannot find sufficient consolation in the fact that the indicated balance for the stock in 1917 is in the neighborhood of \$50 a share.

In July, 1914, Steel common sold at 62 1/2. In the past eighteen months the earnings available for common dividends have totalled about \$72 a share. Currently the quotation is under 125. The increase in market value compared with the high point in the last month of peace is thus \$10 a share less than the earnings since the beginning of 1916. If profits should continue at the present rate for another year, which is unlikely, the corporation will have earned for the common stock in two and one-half years the equivalent of the current market price.

Official rates of discount of each of the twelve Federal districts are as follows:

Table with columns: District, Days (15 or less, 15 to 30, 30 to 60, 60 to 90), Over, Under

Bank Clearings—The day's clearings at New York and other cities:

Table with columns: City, Exchanges, Balances

Sub-Treasury—New York banks lent to the Sub-Treasury \$601,000.

Silver—Bills in London, 40 1/4; New York, 79 cents; Mexican dollars, 61 1/2 cents.

Corporate Financing—American railroad and industrial corporations issued \$135,282,000 in new securities in July, chiefly in the form of short term notes.

This compared with a total of \$136,000,000 a year ago, according to the compilation of "The Journal of Commerce." Since January 1 corporate financing has aggregated \$1,681,000,000 against \$1,470,000,000 in the corresponding period of last year.

Interest and dividend payments this month will aggregate \$159,893,322, against \$149,000,000 in August, 1916.

The Dollar in Foreign Exchange Exchange rates on most of the neutral countries of Europe were strong yesterday. Dutch guilders advanced to 4 1/4 cents, compared with 4 1/8 the day before.

The rate for exchange on Sweden went to 33 cents, a new high record. Swiss francs were steady. Spanish pesetas advanced to 23.05 cents

despite the shipment of \$1,200,000 in gold to Madrid. Rates on London, Paris and Rome were steady. Russian rubles were slightly easier.

Cotton Prospect Improves Despite Pests and Drouth

Total Production of 11,949,000 Standard Bales Is Latest Forecast

Washington, Aug. 1.—Cotton was unfavorably affected by weather and other conditions during July, but an improvement to the extent of more than 300,000 bales was indicated in the monthly report of the Department of Agriculture to-day, which forecast a total production equivalent to 11,949,000 500-pound bales from a yield of 166.9 pounds an acre.

The crop averages about two weeks late over practically the entire cotton belt. The condition on July 25 was placed at 70.3 per cent of a normal.

Summarizing conditions, the Crop Reporting Board issued this statement: "Serious drouth in portions of Texas and Western Oklahoma; too much rain in many parts of the eastern, southern and central belt; weevil damage in Arkansas, Louisiana, Mississippi, Alabama, Florida and Georgia, late crops everywhere, with poor stands in many places, are the influences which have unfavorably affected the cotton crop in July.

"The drouth has assumed serious proportions in much of Southern, Western-Central and Western Texas and Western Oklahoma. The crop over that section is very poor, and nothing less than several inches of rain at an early date can help it.

"There has been too much rain in the eastern section of the Carolina and Indiana sections of other cotton states, excepting Texas and Oklahoma.

"Weevils are doing damage in the wet portions of the states embraced in the infested area, but some sections are the oldest infested areas of the cotton belt. Except where it has been too wet, cultivation is better than usual.

"Dry weather in May and June enabled the farmers to clean their crops, and they have remained clean. South Carolina, Georgia and Louisiana report wilt or black root on some sandy soils.

"The crop has recovered some of its lateness, but will average probably two weeks late over the entire South and West. The labor supply has not improved in any of the sections of the cotton belt. Fertilizers have been resorted to. Where conditions have been anywhere favorable the crop looks well, has a splendid color and is fruiting splendidly.

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According to a canvass made of Cotton Exchange members on Tuesday, the average expectation had been that the report would show a condition of about 73.3 per cent, or an improvement of about 3 points over the report of last week. Instead, the government made the condition 70.3 per cent, or exactly the same as a month ago, and there was a rush to cover, which sent prices up 1 1/2 cents a pound within ten or fifteen minutes.

Other contracts, which had sold at 23.74 just before the report was issued, advanced to 25.30, or 156 points from the lowest and 123 points from Tuesday's closing figures. Sharp reactions followed, but the market closed steady, with list prices showing a net advance of 63 to 77 points for the day.

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The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling at, say, \$4.79 1/2. The intrinsic parity is \$4.86 1/2 per pound. Thus, you say either that pounds are at a discount of that number of dollars at a premium, which is owing to the fact that in England the demand for dollars with which to settle accounts in this country is greater than the demand in this country for pounds with which to settle accounts in England.

Table with columns: Item, Yesterday, Week ago

"Gold held by Reserve agents against circulation included in general fund beginning July 23, 1917. For purposes of comparison it is included in the 1916 figures.

Relevant Facts

New York Central.—The June report shows an increase of \$2,236,278 in gross operating revenues, which amounted to \$19,544,344, and net earnings after taxes totalled \$5,491,529, a gain of \$7,504 over that month in 1916.

Eastern Steel.—Directors have declared an extra dividend of 5 per cent on the common stock, payable September 1 to stockholders of record August 18.

Savage Arms Corporation.—A decrease of \$1,569,753 in the net earnings of the company during the quarter ended June 30, compared with those of the previous quarter, was attributed to a change of specifications in the manufacture of the Lewis machine guns on an order from Great Britain.

Steel Trade Still Waiting.—With the process of readjustment to the changed conditions well under way, fresh buying and price advances in the iron and steel trade continue under check and a waiting situation generally prevailed.

Chief of passing developments have been the buying of 150,000 tons of rails by the government for the building of a double track railroad from its French port to its cattle farm.

Failures in July.—There were 1,137 failures in July, involving \$17,240,424 of indebtedness, against 1,188 reverses in June for \$18,055,153, according to statistics compiled by R. G. Dun & Co. in July, 1916, business failures numbered 1,207, with liabilities of \$11,647,499.

Postal Telegraph and Cable Company.—Figures submitted to the Interstate Commerce Commission show that gross earnings for March were \$78,370, an increase of \$4,514 over the corresponding month of 1916.

Midwest Refining Company.—Announcement was made yesterday that the Midwest Refining Company has secured control of the Merritt Oil Corporation. When the latter concern was incorporated the Midwest purchased 18 1/2 per cent of the stock.

American Light and Traction Company.—The company reported net earnings of \$5,171,520, compared with \$5,464,969 in the preceding year. Expenses increased \$861,782, compared with the year before.

Hercules Powder.—Gross earnings for the six months ended June 30 showed a decline of \$1,028,339, compared with the corresponding period in 1916. Net earnings, which totalled \$3,351,116, were \$6,473,542 smaller than a year ago, and the balance, after deducting \$187,250 for preferred stock dividends, was \$5,165,530, compared with \$9,637,406, as of June 30, 1916.

Chicago, Milwaukee & St. Paul.—Operating revenues in June, amounting to \$1,410,267, showed an increase of \$248,821 over the same month last year. Net income, after expenses and taxes, was \$230,272, an increase of \$425,866.

Canadian Car and Foundry Company.—Montreal, Aug. 1.—Nathaniel Curry, president of the Canadian Car and Foundry Company, told stockholders at the annual meeting yesterday that while orders on the books totalled more than \$35,000,000 the question of dividend payments on the preferred stock should be held in abeyance until the company's assets were in a more liquid position.

Indications, he said, pointed to severe monetary conditions this fall which would make it necessary for the company to borrow heavily, in addition to the carrying charges, to pay for the production of the orders now on hand.

"Your company was in a fair way to complete its contracts with a fair margin of profits, which, while greatly under our original estimates, was of a substantial character, when immediately after the eve of the completion of our work our loading, assembling and shipping plant at Kingsland, N. J., was visited by a fire and consequent explosion, which completely demolished it.

"Fortunately for your company, at least certain agreements had just been completed which vested in the Russian Commission the ownership of the larger part of the materials to be used in the plant and by far the greater portion of the loss fell upon the Russian government.

"New supplementary agreements had again to be executed, and in the end, after negotiations we arranged to cancel the contracts; your company received the equity in the insurance of all kinds carried at Kingsland, amounting after adjustment to approximately \$5,500,000, together with the salvage of plant and materials, all equity in accounts with sub-contractors, etc. less the sum of \$585,000 to cover the entire equity of the Russian government in all matters.

"The Kingsland plant carried all the fire, explosion, use and occupancy and marine insurances which it was possible to obtain, aggregating in total about \$3,900,000. Upon the results of the adjustments it was predicted that at least \$3,700,000 would be collected, and of this sum about \$900,000 has been paid."

Colonel B. W. Durr, former general manager of the New York agency, and

Dividends American Tobacco.—Regular quarterly dividend of 5 per cent on the common stock, payable September 1 to stockholders of record August 15.

Inland Steel.—Regular quarterly dividend of 2 1/2 per cent, payable September 1 to stockholders of record August 15.

General Asphalt.—Regular quarterly dividend of 1 1/2 per cent on the preferred stock, payable September 1 to stockholders of record August 15.

J. G. White & Co.—Regular quarterly dividend of 1 1/2 per cent on the common stock, payable September 1 to stockholders of record August 15.

J. G. White Management Corporation.—Regular quarterly dividend of 1 1/2 per cent on the preferred stock, payable September 1 to stockholders of record August 15.

Midvale Earns \$6.11 a Share for Capital Stock

Builds Up Large Reserve for Taxes—Steel Trade Still Inactive

After setting aside \$4,619,524 as reserve for Federal taxes, the surplus earned for the capital stock of the Midvale Steel & Ordnance Company in the quarter ended June 30 was \$12,224,502, equivalent to \$6.11 a share on the 2,000,000 shares outstanding.

Net earnings for the quarter were \$18,966,135, compared with \$15,859,738 in the preceding period, indicating that as with other steel makers, profits of the Midvale are rising.

The appropriation for Federal taxes was \$2,982,769 larger than the amount deducted for that purpose in the initial quarter of the current year.

With the process of readjustment to the changed conditions well under way, fresh buying and price advances in the iron and steel trade continue under check and a waiting situation generally prevailed.

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New York Certificates of Indebtedness Offered To-day.—The following statement was given out yesterday by R. H. Treman, deputy governor of the Federal Reserve Bank of New York:

"The Secretary of the Treasury announces to-day for subscription through Federal Reserve Banks at par an offering of \$500,000,000 United States Treasury certificates of indebtedness.

"The certificates will be dated August 9, 1917, and will mature November 15, 1917. They will carry interest at the rate of 3 1/2 per cent, payable from date of issue with the principal at maturity.

"They will be issued in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000.

"It is highly desirable that banks, especially those outside of the large financial centers, should subscribe liberally for these certificates. By so doing they will be in a position to anticipate the payments which they may be called upon to make on account of subscriptions to such further issues of United States government bonds as may be offered and will thereby assist in stabilizing the money market."

New Federal Reserve Member.—The Northern New York Trust Company, of Watertown, yesterday became a member of the Federal Reserve system. This institution is the first trust company in this state to take advantage of the amendments to the law of June 21, making the inducements to trust companies and state banks entering the Reserve system more attractive than they had been previously.

Hudson and Manhattan Railroad Co.—Gross revenues in June were \$503,851, against \$476,959 in the corresponding month last year. Net operating revenue amounted to \$258,450, a decrease of \$8,236. For the six months ended June 30 net operating revenue totalled \$1,679,224, an increase of \$8,417.

Government Buys Spelter.—Boston, Aug. 1.—It was announced here yesterday that the purchase of 23,250,000 pounds of high grade spelter by the United States government has been finally consummated at the following prices: \$250,000 pounds of grade A and 15,000,000 pounds of grade B at 13 cents a pound. The government's last previous order for spelter was for 20,258,000 pounds, placed in May through the zinc committee of the Council of National Defense.

New Oil Wells.—Oil City, Penn., Aug. 1.—The completion of 1,977 oil wells was effected during the month of July in the fields covered by "The Oil City Derrick's" monthly report, which is a decrease of 670 wells compared with June. Production was approximately 130,338 barrels, an increase of 6,275 barrels, and the largest initial production for any month so far this year.

Operations of Philadelphia Mint.—Philadelphia, Aug. 1.—In the month of July the Philadelphia Mint coined the following new pieces of money: Half dollars, \$205,000; quarters, \$904,000; dimes, \$5,500,000; nickels, \$4,223,846, and cents, \$3,131,000.

Corporation Returns Erie 1917. 1916. June gross \$7,337,141 \$6,538,593

Net after taxes 1,609,774 1,728,567 Chesapeake & Ohio 1917. 1916. June gross \$4,624,409 \$4,221,824

Net after taxes 1,139,439 1,496,612 Maine Central 1917. 1916. June gross \$1,217,359 \$1,106,164

Net after taxes 342,103 341,797 Boston & Maine 1917. 1916. June gross \$4,982,670 \$4,692,208

Net after taxes 981,589 1,079,505 New York, Susquehanna & Western 1917. 1916. June gross \$2,300,432 \$2,308,586

Net after taxes 1,128,857 60,958 Boston & Albany 1917. 1916. June gross \$2,017,889 \$1,879,656

Net after taxes 462,344 735,903 Michigan Central 1917. 1916. June gross \$4,350,707 \$3