

World Markets and Commerce

Finance - Economics

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At rates now prevailing in the foreign exchange markets, the dollar is worth only 70 cents in Spanish money, 79 cents in Dutch money, 78 cents in Swiss money and 80 cents in Swedish money. In other neutral exchanges it is also at a discount. And this depreciation of the dollar takes a heavy toll from American importers and exporters—a toll aggregating in the course of a year tens of millions of dollars. It is, therefore, important in the extreme that measures be taken to restore the dollar to its normal parity and having done so to keep it there, as sterling exchange has been stabilized in New York. Otherwise the problem of financing our trade with neutrals will become increasingly acute and further heavy shrinkage in the value of the dollar will be inevitable.

The difficulties in the way of stabilizing the dollar—and incidentally the exchanges of our allies—are enormous. That is evident from experience in Spain. Some months ago Lord Cunliffe, then Governor of the Bank of England, went to Spain to negotiate a loan for his institution in order to rectify the discount against sterling exchange. The requirements of the Spanish authorities were so severe that he found it impossible to meet them, and was forced to abandon the attempt. He was followed by a representative of the French Financial Commission, who met with no better luck. And, finally, advances made by American banks for a credit came to nothing because Spain wanted gold and gold only.

Under the circumstances, therefore, the suggestion made by Leopold Fredrick, in his testimony before the Senate Committee on Banking and Currency, is of unusual interest, for if it can be worked out the problem will have been permanently solved, not only for the United States but for its allies. Mr. Fredrick proposes that a committee composed of representatives of each of the Allies coordinate the control of imports and exports in such a way as to eliminate the buying of non-essentials, which has contributed largely to the discount of Allied exchanges in neutral markets, while at the same time arranging for credits in such markets. In addition it is proposed that a syndicate headed by the state banks of England, France and Italy and the Federal Reserve Board, as well as other leading banking institutions of the countries named, be formed to provide immediately a credit fund of at least \$500,000,000, jointly guaranteed. Briefly stated, the proposal calls for unity of command in international finance and Allied buying. It is a plan to which the authorities might well give serious consideration.

Money and Credit

Conditions in the money market were unchanged yesterday. At the Stock Exchange call money was in fairly liberal supply at 4 1/2 to 5 per cent, the same rates as on Wednesday.

In the market for fixed date funds a few small loans were made at 6 per cent on industrial collateral for sixty and ninety day periods. The demand for time funds continued active, with borrowers offering 5 1/2 per cent for loans on industrials and 5 1/4 per cent on mixed collateral.

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

	Yesterday	Year ago
Call money:	Per cent.	Per cent.
On mixed collateral 4 1/2	5	5
On industrial collat'l 5	5 1/2	5 1/2
Time money (mixed collateral):		
Sixty days.....	5 1/2 @ 6	5
Ninety days.....	5 1/2 @ 6	5
Four months.....	5 1/2 @ 6	5
Five to six months	5 1/2 @ 6	5

Commercial Paper.—A larger volume of business is moving, with rates steady at 6 per cent for the best regular maturities.

Bank Clearings.	Exchanges.	Balances.
New York.....	\$596,785,471	\$40,659,557
Boston.....	58,648,948	15,618,208
Chicago.....	90,775,032	9,206,398
Philadelphia.....	66,867,123	14,928,318

Sub-Treasury.—The banks gained from the Sub-Treasury yesterday \$754,000.

Silver.—Bar silver in London was 48 1/4, unchanged; New York, 99 1/4, unchanged; Mexican dollars, 77c, unchanged.

Bank Acceptances.—Easier money conditions have increased the current demand for bank acceptances. Dealers quoted the following rates yesterday:

Spot delivery:	Thirty days:	Sixty days:	Ninety days:
Eligible member banks.....	4 1/4 @ 4 1/4	4 1/4 @ 4 1/4	4 1/4 @ 4 1/4
Eligible non-member banks.....	4 1/4 @ 4 1/4	4 1/4 @ 4 1/4	4 1/4 @ 4 1/4
Ineligible member banks.....	4 1/2	4 1/2	4 1/2
Eligible non-member banks.....	4 1/2	4 1/2	4 1/2
Ineligible non-member banks.....	5	5	5

Discount Rates.—The following table gives the current rates of the twelve

Large Loan to China Is Under Negotiation Here

Morgan Confers With Administration on Plan to Advance \$50,000,000

Want Japan's Help

Bankers Would Also Require Government Guarantee, Regardless of Collateral

China's urgent need of funds has resulted in the opening of negotiations between the State Department and New York bankers with the view of obtaining a \$50,000,000 loan for the Far East.

At a conference in Washington Wednesday, called for the purpose of discussing a tentative plan, J. P. Morgan was present as the representative of the New York financial institutions that were in the five-power group which offered to lend China \$125,000,000 in 1918, but were prevented from doing so by the attitude of the Wilson administration in reversing the policy favored by President Taft.

While the present administration now shows a disposition to reverse its former policy in regard to China's financing, the position of New York bankers apparently remains the same. That is, they would refuse to undertake to raise any large loan without this government's guarantee that the advance would be met at maturity, regardless of what collateral the Chinese government might have to offer.

Want Japan's Cooperation

From information obtained here yesterday it also appears that bankers will consent to aid in raising money for China's industrial and financial rehabilitation only on the condition that Japan is a partner in the transaction.

It is also understood to be the view of bankers as well, that if the negotiations just opened are carried to a successful conclusion the participation in the American end of the loan should be nationwide. Chicago, it is thought, would be made the center of what side of the loan.

In the fall of 1916 the Continental and Commercial Trust and Savings Bank of Chicago, headed a syndicate which advanced \$5,000,000 to the Chinese government to help it meet its obligations under the loan.

The answer of the Chinese Legation at Washington was that every precaution had been taken before the loan was consummated not to violate any agreements, and that both the British Foreign Office and the State Department of this country had considered all phases of other contracts.

John Jay Abbott, vice-president of the Chicago bank, in a statement concerning the protest of the five-power group, declared that the loan was purely for industrial and commercial purposes.

Has Sought Funds Here Before

Since the beginning of the war with Germany China has made many attempts to obtain loans in the United States, but with the exception of minor advances made by the American International Corporation in connection with its engineering projects in the Far East and the loan of \$100,000,000 in 1916, a loan of \$50,000,000 was sought, but the negotiations never reached a definite conclusion.

One of the objections of the Wilson administration to American participation in the original five-power loan was that all the foreign governments whose banks were participants would have a certain supervisory power over Chinese government finances.

The American group of bankers that participated in the five-power negotiations included J. P. Morgan & Co., Kuhn, Loeb & Co., the First National Bank and the National City Bank.

Significant Relations

Money and Prices:

Stock of money gold in the country.	Now	1 year ago	2 year ago
May 10, 1918	\$3,042,703,219	\$3,088,904,808	\$2,877,000,000
May 10, 1917	9,260,000,000	8,877,000,000	8,877,000,000
May 10, 1916	114,000,000,000	114,000,000,000	114,000,000,000
Jan. 1, 1918	\$1,163,742,000	\$1,163,742,000	\$1,163,742,000
Jan. 1, 1917	1,677,951,000	1,677,951,000	1,677,951,000
Jan. 1, 1916	1,924,373,000	1,924,373,000	1,924,373,000

Loans of all national banks..... 5,260,000,000
Their surplus reserves..... 114,000,000,000
Bills discounted and bought by Federal Reserve Banks..... 1,163,742,000
Federal Reserve notes in circulation..... 1,677,951,000
Total gold reserve..... 1,924,373,000

Average price of fifty stocks..... 78.05
Average price of twenty-five bonds..... 84.62
Food cost of living (Annalist index)..... 281.189
General commodity price level (Dun's index number)..... 224.843

Production:
Unfilled U. S. Steel orders, tons..... 8,337,823
Pig iron (daily average), tons..... 111,175
Wheat crop, bushels..... 1,500,000,000
Oats crop, bushels..... 1,500,000,000

Distribution:
Gross railroad earnings..... +13.6%
Bank clearings..... +23.8%
Commercial failures (Dun's):
Number..... 880
Liabilities..... \$13,134,672
Building permits (Bradstreet's):
(149 cities)..... \$45,865,724

Market Barometers

Stock Exchange Transactions

	Yester.	Today	Year
Stocks	95,500	550,200	645,700
Bonds	137,900	482,900	620,800
Day before	46,600	373,200	419,800
Week ago	44,800	679,800	724,600
Year ago	44,800	679,800	724,600

Bonds

	Yester.	Today	Year
U. S. gov. \$7,792,000	\$4,931,000	\$7,191,000	\$7,191,000
Railroads	461,000	373,000	737,000
Others	1,265,600	1,207,000	975,000
All bonds	9,518,600	6,511,000	2,431,000

Stock and Bond Averages

	Yester.	Day	Year
20 Railroads	70.15	70.40	82.55
30 Industrials	83.35	83.43	93.40
50 Stocks	78.06	78.25	89.06

BONDS

	Yester.	Day	Year
10 Railroads	77.77	78.98	87.16
10 Industrials	91.01	91.00	94.67
5 Utilities	83.46	83.62	93.32
25 Bonds	84.62	84.71	91.40

American Sumatra May Issue New Stock

Proposed Securities Will Be Distributed in Form of Dividend

Directors of the American Sumatra Tobacco Company, it was learned yesterday, have made application to the capital issues committee of this Federal Reserve district for permission to increase the capital stock of the corporation.

The company has \$6,800,000 of common stock of \$100 par value outstanding and \$2,000,000 of preferred.

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Spain's Foreign Trade

Figures on Spain's foreign commerce, recently published in Madrid, show that the value of the imports for the first four months of 1918, as compared with the two preceding years, was as follows:

	1918	1917	1916
Imports	1,917,484,470 pesetas	1,916,426,314 pesetas	1,916,426,314 pesetas
Exports	1,917,484,470 pesetas	1,916,426,314 pesetas	1,916,426,314 pesetas

Elections

A. C. Reierick has been elected a director of the Hocking Valley Railway Company, succeeding George W. Stevens.

L. D. Ricketts has been elected a vice-president of the Greene-Cannons Copper Company.

Securities That Never Decline

They are dealing in a security on the Stock Exchange that never declines in value. A post has been established temporarily on the floor where war savings stamps can be purchased to the full limit allowed under the law.

Two corporations declared extra dividends to their stockholders yesterday. The directors of the Virginia-Carolina Chemical Company voted an extra dividend of 2 per cent on the common stock.

DIVIDEND NOTICES

ANACONDA COPPER MINING CO. The Board of Directors of this company has declared a dividend of one dollar per share (1%) (being Dividend No. 44) on the common stock of this company, payable August 1, 1918, to stockholders of record at the close of business on Monday, July 8, 1918.

THE BANK OF AMERICA. The Board of Directors has today declared a dividend of one dollar per share (1%) per cent, free of tax, payable July 1st, 1918, to stockholders of record at the close of business on Monday, July 15, 1918.

WELLS FARGO & COMPANY. A quarterly dividend of 1 1/2 per cent on the capital stock of this company has been declared by the Board of Directors, payable on July 15th, 1918, to stockholders of record at the close of business on June 25th, 1918.

UNITED FRUIT COMPANY. A quarterly dividend of two per cent (two dollars per share) on the capital stock of this company has been declared by the Board of Directors, payable on July 15th, 1918, to stockholders of record at the close of business on June 25th, 1918.

New Jersey Bankers Rap Encroachment Of Federal Gov't

Form State Association to Scrutinize National Financial Legislation

TRENTON, June 27.—One hundred and fifty representatives of state banks, savings institutions and trust companies of New Jersey met here today in the State House to "defend the state financial institutions of New Jersey" against so-called Federal encroachment such as they contend is contemplated in the Phelan bill pending in Congress.

The delegates launched the State Association for Bankers and discussed plans for forming a national organization to scrutinize proposed legislation inimical to the banking interests.

On the motion of Commissioner Smith the five following men were chosen as delegates to a national convention of state bankers which will be held in St. Louis the middle of next month:

Edward L. Farr, president of the Camden Trust Company; John A. Campbell, president of the Trenton Banking Company; George A. Bourgeois, Marine Trust Company, of Atlantic City; W. J. Couss, Asbury Park Trust Company, and William Bolton, of the Morristown Trust Company.

Commissioner Smith told the representatives of the banking interests that he did not believe the financial situation of the country should be in the hands of two or three men in Washington and that it was up to the state bankers to get together and make articulate what they wanted in the way of Federal legislation.

U. H. McCarter, president of the New York Trust Company of Newark, was elected president. Other officers chosen were: William Field, vice-president of the Commercial Trust Company of New Jersey, secretary, and John B. Clements, treasurer of the Central Trust Company of Camden, treasurer.

Relevant Comment

Women as Bond Sellers

Twenty young women were graduated yesterday from the National City Company's School of Bond Salesmanship. They celebrated their commencement with a luncheon at the Bankers' Club.

Tobacco Merger Talk Belittled

The comment of a high official of the United Cigar Stores Company yesterday concerning the reports that a merger of this concern with the Tobacco Products Corporation and the American Sumatra Tobacco Company was under discussion was that there was little likelihood that such a combination would ever go into effect.

No St. Paul Dividends

Directors of the Chicago, Milwaukee & St. Paul Railway Company, at their regular monthly meeting yesterday, failed to make any announcement concerning the company's dividend policy.

Mexican "Pete" Up Again

Mexican petroleum went into new high ground for the current movement yesterday, when it sold to 102 1/2, closing 2 points up at 100 1/2. The turnover in Mexican was 28,400 shares. This issue has displayed a strong tone for more than a week, and the rise from below 95 has taken place despite unfavorable reports regarding current conditions in Mexico.

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AMERICAN GAS & ELECTRIC CO. Six Per Cent. Secured Gold Notes Due January 1, 1921

Price 96 1/4 and Interest. To yield about 7.65%

Wm. A. Read & Co. Nassau & Cedar Streets New York

Assess by the Capital Issues Committee as not incompatible with the national interest, but without approval of legality, validity, worth or security. Opinion No. A718.

To the Holders of the \$3,000,000 Seaboard Air Line Railway Company Florida Central and Peninsular Railroad Company First Mortgage 5% Gold Bonds Maturing July 1, 1918

The undersigned, successor to Florida Central and Peninsular Railroad Company, offers to extend the above mentioned issue of Bonds so that they shall mature July 1, 1923, at interest at the rate