

Wealth Markets and Commerce

Finance - Economics

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News that certain local banks had asked the Federal Reserve Board to state definitely whether Stock Exchange loans were to be regarded as essential or non-essential was the preponderant factor in yesterday's stock market. The question will not be settled in haste nor would a drastic decision be applied without adequate notice. Yet traders and others sold stocks rather heavily in the morning and prices receded sharply. Later there was a recovery based on reassuring statements by bankers and others. An official of the Federal Reserve Bank said that the board would probably go no further than it had already toward the conservation of credit and that the handling of Stock Exchange loans would be left to the judgment of the individual banks. The president of an important trust company said that through the agency of the money committee there was already close cooperation between the Federal Reserve Board, the local Federal Reserve Bank and the individual banks in matters pertaining to Stock Exchange loans, and he did not believe, therefore, that it was either necessary or desirable that the Reserve Board should classify such loans as non-essential. The chances are, in his opinion, that no formal ruling will have to be made. Similar comment was made by other bank and trust company officials. But the important thing is that even those who dismissed the suggestion that the board might go much further than it has gone were in substantial agreement on one point, namely, that any attempt at a big speculation at this time would be discouraged by withholding the funds necessary to finance such a movement. The outlook, therefore, is for a market of small volume for an indefinite period.

Federal Reserve banks on commercial paper on all periods up to ninety days:

City	Aug. 22	Aug. 21	Aug. 20	Aug. 19	Aug. 18
Boston	4	4	4	4	4
New York	4	4	4	4	4
Philadelphia	4	4	4	4	4
Cleveland	4	4	4	4	4
Richmond	4	4	4	4	4
Atlanta	4	4	4	4	4
Chicago	4	4	4	4	4
St. Louis	4	4	4	4	4
Minneapolis	4	4	4	4	4
Kansas City	4	4	4	4	4
Dallas	4	4	4	4	4
San Francisco	4	4	4	4	4

Bank Clearings.—Bank clearings in New York and other cities were:

City	Aug. 22	Aug. 21	Aug. 20	Aug. 19	Aug. 18
New York	\$549,757,053	\$476,840,000	\$476,840,000	\$476,840,000	\$476,840,000
Baltimore	11,546,391	3,759,219	3,759,219	3,759,219	3,759,219
Philadelphia	63,752,106	12,419,420	12,419,420	12,419,420	12,419,420

Bank of England Statement.—LONDON, Aug. 22.—The Bank of England today reported an increase in gold coin and bullion for the week of £30,662. Other changes reported for the present week are as follows:

Gold	Inc. 430,562
Total reserve	Inc. 373,000
Notes reserved	Inc. 406,000
Notes in circulation	Inc. 58,000
Public deposits	Dec. 398,000
Other deposits	Dec. 1,730,000
Gov. securities	Dec. 1,280,000
Other securities	Dec. 1,237,000

London Money Rates.—LONDON, Aug. 22.—Money was unchanged at 3 per cent. Discount rates were: Short and three-month bills, 3 1/2-3 3/4 per cent. Gold premium at Lisbon was unchanged at 130.00.

Bank of France Statement.—PARIS, Aug. 22.—The weekly statement of the Bank of France shows the following changes in francs:

Gold	5,434,674,000	Inc. 757,000
Silver	316,652,000	Inc. 3,545,000
Circulation	28,689,951,000	Inc. 15,800,000
Gov. dep.	148,967,000	Inc. 62,468,000
Bills dis.	1,398,070,000	Dec. 55,812,000

The Dollar in Foreign Exchange.—Movements of rates in the foreign exchange market were narrow yesterday, but the sustained success of the Allies on the Western battlefield continues to be reflected in the weakness of neutrals and the firmness of belligerent exchanges. Francs again showed conspicuous strength.

Closing rates yesterday, compared with a week ago, follow:

Commodity	Yesterday	Week ago
Sterling, demand	\$4.7550	\$4.7550
Sterling, sixty days	4.73	4.7256
Sterling, cables	4.7660	4.7660
Sterling, ninety days	4.715	4.7134

Below is given the current exchange value of foreign money in dollars and cents, together with the intrinsic gold parity, as calculated by the United States Mint:

Commodity	Current	Intrinsic
Pounds, sterling	\$7.550	\$4.859
Francs	0.17	0.13
Guilders	0.52	0.40
Rubles	0.13	0.13
Lire, checks	0.11	0.19
Crowns (Denmark)	0.31	0.26
Crowns (Sweden)	0.35	0.26

The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling at, say, \$7.550. The intrinsic parity is \$4.859 per pound. Thus you say either that pounds are at a discount, or that dollars are at a premium, according 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.

Steel Men in Conference.—Discuss Means of Meeting Government's Metal Needs.—WASHINGTON, Aug. 22.—The steel committee of the American Iron and Steel Institute, headed by Elbert H. Gary, of the United States Steel Corporation, met Steel Administrator Replogle, of the War Industries Board, today to discuss rail prices and means to increase steel production.

Present production is at the rate of 16,500,000 tons for six months, but the government's steel requirements for the last six months of this year are more than 20,000,000 tons. Mr. Replogle returned to his office today, after a week's tour of steel mills, where he made personal appeals to the workers to bend every effort to increase production.

Members of the steel committee with Judge Gary are James A. Farrell, John A. Topping, E. A. S. Clarke, A. C. Dinkey and E. G. Grace.

Turpentine Supply Limited.—Owing to transportation difficulties the supply of American turpentine held in the largest distributing centers in Canada is the smallest for several years. It is expected that for several years to come that drafts must be entirely consumed but that drafts must be made on the surplus stock carried over from previous years.

Allies to Feed Sweden Under New Treaty

In Return, Entente Gets 400,000 Tons Ships and 2,000,000 of Iron

New Trade Barrier Against Germany

Stockholm Recognizes Our Blockade in Terms Given Out Here

Axel Robert Nordwall, head of the special commission of the Swedish Government to the United States, yesterday revealed to a group of American exporters who conferred with him at the New York Produce Exchange the opportunities for immediate trading with his country under the terms of the special agreement recently entered into between Sweden and the nations allied in the war against the Central Powers.

"It can be said of the agreement," Mr. Nordwall, who is to open an office in this city, to supplement the work of his headquarters at Washington, stated, "that it is fair to all parties and is a result of the give and take policy which is the only safe basis for an understanding which is meant to be more than a temporary one. Sweden has put at the disposal of the allies all the ships she can possibly spare, and has only kept for herself enough tonnage and scarcely that—to bring home the goods of which she is in the greatest need. Swedish tonnage which is now chartered in the United States and allied service amounts to 400,000 dead weight tons, of which 200,000 will be allowed to trade within and 200,000 outside the war zone."

Concessions to Allies by Sweden.—In further enumerating the concessions which Sweden made to the allies in return to their promise to let her have raw materials Mr. Nordwall continued: "Sweden has also guaranteed the associated governments a fair proportion of Sweden's entire iron ore export, and the executive order of President Wilson, dated the 20th of June, which appears authorizing for \$6,000,000 to be expended by the Secretary of Commerce in payment to the proper authorities of the Government of Great Britain of one-third of the purchase price of 2,000,000 tons of Swedish iron ore, the purchase of which is provided for in the agreement of each day and other raw materials that considerable quantities are involved."

"Sweden has further undertaken to increase the export to the associated governments of wood, paper, iron and steel, and has agreed to grant to the associated governments suitable credit in Sweden for the purchase of Swedish goods during the continuance of the present unfavorable exchange on pounds sterling which exists in relation to the Swedish krona, and which, of course, directly affects the dollar exchange."

At this point Mr. Nordwall was asked what assurance the Allies had that goods shipped to Sweden would not reach Germany. He explained that the Allies' control of fuel and other raw materials made it possible to demand guarantees that goods destined for Sweden would not ultimately filter in to the Central Powers. "Sweden," he declared, "has given satisfactory guarantees that no goods imported to Sweden from the United States or Allied countries, or from other countries where the associated countries control shipping on account of their control over bunker fuels or for other reasons, will be exported to any country now at war with the associated governments; neither will such imported goods reach similar Swedish goods for such export. As a result of the agreement Sweden has put an absolute embargo on the exports of all kinds of food-stuffs, whether of domestic or foreign origin, and on a great many other commodities as well."

What the Allies Have Done.—For their part, Mr. Nordwall pointed out, the Allies and the United States have agreed to facilitate the import to Sweden of the following commodities: The Central Powers' Swedish wheat, sterling at, say, \$4.750. The intrinsic parity is \$4.859 per pound. Thus you say either that pounds are at a discount, or that dollars are at a premium, according 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.

Money and Credit.—Call money on the Stock Exchange was a shade easier yesterday than heretofore this week as the government withdrawals were greatly reduced in amount. Only \$20,000,000 was withdrawn yesterday, bankers said, compared with \$50,000,000 a day on the previous three days. The chief practical effect of the change was that the money pool was not obliged to help out as much as it has been doing. Rates remained firm at 6 per cent on mixed collateral and 6 1/2 per cent on industrial. Time money continued to be withheld, except for renewals and then in very limited quantities only. Some stock exchange houses are discontinuing time loans as the outstanding ones mature, and are relying entirely on call money offerings.

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

Period	Year ago	Per cent.
On mixed collateral	6	3
On industrial collateral	6 1/2	2

Time money (mixed collateral):

Sixty days	6	4 1/2 @ 4 3/4
Ninety days	6	4 3/4 @ 5
Four months	6	4 3/4 @ 5
Five to six months	6	5 @ 5 1/4

Commercial Paper.—Country institutions are fairly large buyers of commercial paper. The rate is firm at 6 per cent for the best regular maturities.

Bank Acceptances.—Owing to the firm money market the demand for bank acceptances is somewhat lighter. Rates yesterday were as follows:

Period	Year ago	Per cent.
Three days	6	4 1/2
Sixty days	6	4 1/2
Ninety days	6	4 1/2
Four months	6	4 1/2
Five to six months	6	4 1/2

Eligible member banks: 4 1/2
Eligible non-member banks: 4 1/2
Ineligible member banks: 4 1/2
Ineligible non-member banks: 4 1/2

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

rubber and rubber goods; cotton and cotton goods; wool and woolen goods; textiles; hides, leather and tanning material; coffee; cocoa; tobacco; copper; ferro alloys; tin; tinplate; nitrate of soda; raw phosphates; sulphur; and other goods and materials necessary for Sweden's economic life.

It was explained that it is expected that the bread cereals, wool, hides, cotton and nitrate of soda will be imported to Sweden from South America, and that mineral oils, certain edible oils, rubber goods, cotton textiles, leather, raw phosphates, copper and other metals, vegetables, syrups, certain wheat products, corn and oats will be permitted to go from the United States.

"The signing of the treaty," the head of the Swedish commission said, "indicates the continuance of the friendship and goodwill between the United States and its Allies and Sweden. The position of a neutral country like Sweden is difficult and delicate. This is realized by the United States, which has given every indication that it will not permit the embargo to be a barrier confronting the neutrals, and has shown every disposition to aid and lighten their burdens."

I. C. C. Decision on Private Car Case

Rules No Additional Freight Charge Shall Be Made by Carriers

WASHINGTON, Aug. 22.—After six years of investigation, hearings and litigation, the Interstate Commerce Commission today handed down a decision that there shall be no longer holding that no additional charge shall be made for freight carried in refrigerator, tank, stock, cooler, coal and other such privately owned cars except where the ordinary rate is based on transportation in another type of car cheaper to operate.

Complete rules and regulations were issued governing the operation of private cars, a source of controversy between carriers, shippers and private car owners for years. The decision is the result of a long and arduous process of investigation, hearings and litigation, the Interstate Commerce Commission today handed down a decision that there shall be no longer holding that no additional charge shall be made for freight carried in refrigerator, tank, stock, cooler, coal and other such privately owned cars except where the ordinary rate is based on transportation in another type of car cheaper to operate.

Hide & Leather at New High

Activity in American Hide & Leather issues again featured trading yesterday on the Stock Exchange. The preferred stock advanced in an otherwise dull market to a new high of 92 1/2, and closed at 92 1/2, a net gain of 3 1/2 points. At the close of last Saturday's trading the last sale was at 85. The common stock advanced yesterday to 20 1/2. A stockholders' meeting of the company has been called for September 4. It is reported that some of the recent buying has been for the account of investors who expect to obtain representation on the board at that time.

Liberty 3 1/2s Continue to Climb

It will be a dull day, indeed, on the Stock Exchange when the Liberty 3 1/2s do not shatter at least one record. The bonds continued their very striking upward movement, reaching a new high selling price, and yesterday the last sale was at 102 1/2. That mark was reached in the morning, and in the afternoon there was a slight reaction. The closing price was 102 1/2 against 102 1/2 as the corresponding figure for Wednesday. Interest again continued on the tax exempt and convertible features of the Liberty 3 1/2s.

Nervous Over Telephone Policy

Wall Street sentiment eagerly awaits a statement of policy from the government in regard to treatment of shareholders of the new government-operated telephone and telegraph lines. The lack of authoritative information is clearly causing nervousness in some quarters.

Stock Market Money From Japan

Money knows no national bounds. That is, it knows none in the Allied or neutral world. A large Stock Exchange firm gets a share of the funds which are being made available from far off Japan. The actual borrowing is done through the New York agency of a large Oriental bank. The extent of the money is a few in Nippon can scarcely be overestimated. In fact that his money is helping to carry on economic activities more than 7,000 miles away. The tight condition of the money market has caused brokers to seek loans at other sources.

Oklahoma and Kansas July Gain Is 654,653 Barrels

Oklahoma and Kansas pine lines received from oil wells in that territory 11,842,230 barrels during July, an increase of 654,653 barrels over the June receipts, according to figures compiled by "The Oil City Derrick." The daily average of receipts last month was 382,000 barrels, or a 688 more barrels than were obtained in July.

Will Issue Trust Notes

WASHINGTON, Aug. 22.—The Aurora, Elgin & Chicago Railroad Company, which furnishes transportation, power and light to the district west of Chicago, has undertaken to reorganize its securities programme as a prerequisite to further consideration by the War Finance Corporation of the company's application for a loan. It was announced today that the company will create a new issue of \$1,219,000 (three-year 7 1/2 per cent collateral trust notes) to meet a loan of \$1,219,000 to seek to exchange about \$1,000,000 of these for outstanding notes due at earlier dates.

Relevant Comment

Strauss and Hulbert for Reserve Board?

Albert Strauss, of J. & W. Seligman & Co., and Edmund D. Hulbert, president of the Merchants' Loan and Trust Company, of Chicago, are being prominently mentioned in the financial district as being the likely selections of the President to fill the vacancies on the Federal Reserve Board created by the retirement of F. A. Delano and Paul Warburg. Mr. Strauss, as a member of the Capital Issues Committee, has been engaged in government work for several months.

State Banking Committee to Meet

The next step in the development of the United States Council of State Banking Associations will be taken at Chicago on September 23, when the executive committee will hold an organization meeting.

Bituminous Coal Output Declines

Production of bituminous coal, despite heavier demands, has shown a steady decline week by week from the 13,286,000 net tons reported in the record-breaking week ended July 13, according to "The Coal Age" in its current issue. For the week ended August 10 the output amounted to 12,744,000 net tons, which was 54,000 tons below the daily output established as a minimum. To emphasize the seriousness of the situation further, the soft coal mines are now 14,500,000 net tons behind schedule, and it is foregone conclusion that they will never catch up. "The causes for the fall in output," "The Coal Age" says, "seem to be divided between car shortage and labor unrest, with the greater part of the blame attaching to the former. Record production can be achieved only when the railroads manage to keep an adequate supply of empty coal cars moving to the mines and the transportation of loaded cars is speeded up."

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McAdoo Classes All Who Resell Liberty Bonds as Quitters

Secretary Declares Such Action Impairs the Credit of the United States

Discusses Loan Issue

Declares Solution of Railway Contract Problems Is at Hand

William Gibbs McAdoo, the all-around man of the Wilson Cabinet, visited New York yesterday in his capacity as Director General of the railroads. Mr. McAdoo spent the day familiarizing himself with the terminal facilities in Long Island and inspected the Sunnyside yards, the Bush terminals and the new army depot at Bay Ridge.

In the evening Mr. McAdoo saw reporters and discussed on all matters of public interest that come under his numerous and ever growing jurisdiction.

Mr. McAdoo was asked what he thought of the request of a prominent New York banker for a ruling by the Federal Reserve Board as to the essential or non-essential character of loans for Stock Exchange purposes. He replied that he had not yet been officially informed of such an inquiry and therefore was disinclined to make any comment. But later, in discussing credit, he pointed out:

The Importance of Credit.—"The credit of the United States is as vital to the people of the United States as health is to the individual and virtue is to a woman. Credit is as necessary to the state as the heart is to the body. If the credit of the country would be injured the effects would be no less disastrous than the loss of a big military battle."

This led the Secretary of the Treasury to condemn the sale of Liberty bonds as highly unpatriotic and as a blow to the credit of the government. "Every person," he said, "who sells a government bond is deliberately, thoughtlessly or unpatriotically injuring the credit of the United States and is adding to the difficulty of the United States in fighting the war to just that extent. I look upon people who do this as quitters and their Liberty bonds as quitters and unpatriotic citizenship."

He explained that bondholders going to take advantage of the conversion issue, and said that so doing in any way impaired the government's credit.

Mr. McAdoo said he was not yet prepared to fix the amount of the fourth Liberty loan, but that an official announcement would be forthcoming as soon as the broad outline of the pending revenue bill is clearly established.

In response to a question as to the solution of the railroad contract problem, the Director General said that the matter would be settled in the near future, and that the delay was due entirely to the railway interests and not to the government. "The chief interest of the government," he said, "is that the railroads get a fair deal. No matter what the security holders and their associates do, they will get justice."

Mr. McAdoo pointed out further that the small department of certain railway companies' objections of certain railway interests would not prejudice the government against them.

Another inquirer asked Mr. McAdoo if there was any chance of the Federal government's taking over all the street railways to save them from the bankruptcy which certain public utility men say they are threatened. The Cabinet officer declared that nothing in this direction could be done, in his opinion, without a special act of Congress, and his additional remark that the railway interests were interpreted to mean that responsible officials of the Federal government were not seriously considering this contingency.

Despite continued efforts to make Mr. McAdoo parcel out opinions on every subject that now puzzles people, he persistently reverted to the railroad contract, as he came to the city as the chief of the American railway system.

"We are anxious for the public to understand," Mr. McAdoo asserted, "that the railway contract is not a military necessity, but a military convenience. It is being curtailed only because it is a war necessity to do so and for no other reason. The purpose of the railroad administration is to give sufficient and efficient passenger service as far as it is consistent with the paramount needs of this war. Civilian travel must be curtailed only insofar as it is necessary to the war effort. We are terribly short of passenger coaches, particularly in the East, and I may say especially on Long Island. The pressure on the roads is very great, and it may be said that necessary essential requirements of the War Industries Board may be met by the use of the passenger coaches. I am loath to see them sent to the scrap heap and to the point of embarkation."

"Apart from the movement of troops, the supreme consideration is the movement of essential freight. Every unnecessary degree of passenger travel obstructs the movement of necessary freight and uses unnecessarily fuel and labor and other important things that we must conserve."

Benjamin Franklin says: "Bargaining has neither friends nor relations."

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DIVIDEND NOTICES

REPUBLIC IRON & STEEL COMPANY
PREFERRED DIVIDEND NO. 50
At the meeting of the Board of Directors of the Republic Iron & Steel Company held August 21st, 1918, the regular quarterly dividend of 1 1/2 cents was declared, payable October 1st, 1918, to stockholders of record September 15th, 1918.

COMMON DIVIDEND NO. 8
At the meeting of the Board of Directors of the Republic Iron & Steel Company held August 21st, 1918, a dividend of 1 1/2% on the common stock was declared, payable October 1st, 1918, to stockholders of record October 15th, 1918. Books remain closed.

RICHARD JONES, Jr., Secretary.
MERGENTHAU LINTOVIC CO.
New York, August 20, 1918.
A regular quarterly dividend of 2 1/2% per cent on the capital stock of Mergenthaler Lintovic & Co. for the quarter ending July 31st, 1918, was declared at the meeting of the Board of Directors held August 19th, 1918. The dividend is payable September 1st, 1918, to stockholders of record August 15th, 1918. The Transfer Books will not be closed.

JOS. T. MCKEY, Treasurer.

say, I do hope to show, however, that real benefits can result from unified control of the railroads.

"Of course, we are a fighting people. We still have a lot of partisans among us. Some people clearly want to see control of the railroads by the government. They fear it will lead to a permanent government control. Many complaints about the present railroad service originate from such sources. I am sure Mr. McAdoo, who will be in the city again today, will inspect the terminal facilities on the New Jersey side of the river. He and Mrs. McAdoo are stopping in the city for a few days, where the Secretary received reporters last night.

Corporate Returns

New York, New Haven & Hartford Railroad Company.—For the second 1918 quarter total operating revenue was \$25,