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Wealth Markets Investments

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Finance - Economics

On a daily volume of transactions well in excess of a million shares, an activity not approached by any previous week this year, the stock market last week made little net change. Technically its action was not above criticism. Steel common, the market leader and its usual barometer, did not advance. When it did rise, on Thursday, to 100 3/4, exceeding by 1-8 of a point its previous high record for the year, made on March 22, it fell back again immediately to 98 1/4, a net decline of 1-4 point. What had happened was merely that with the unfilled tonnage statement as a signal, a large short interest had been driven to cover, and when it had covered, the buying power was gone, the technical position weakened, and the stock declined.

Curiously enough, with this week's rise in call money came a tendency toward ease in the commercial paper market. The reason for the extraordinary ease of call money in the week before last came through reluctance on the part of the banks to extend loans for fixed periods prior to the Victory Loan campaign. They at first began to narrow their field to loans running for ninety-days or less, eligible for rediscount, and then strove to shut down on time loans as far as possible. This left an unusual abundance of funds ready to be loaned on a day to day basis. Payments last week on the War Finance Corporation bonds caused a drain on these funds. On Thursday subscriptions were received for \$500,000,000 of certificates of indebtedness. These are more important for their effect on time loans than on call loans. They become merely a credit on the books of the banks, which lose nothing until the government begins to withdraw against its deposit credit.

The advances in the rest of the market were spectacular demonstrations confined to special kinds of stocks. There were two days in which the volume of trading in a stock like American International Corporation exceeded Steel common, and the gross rise was 14 points. In two days the gross rise of Chandler Motors was 24 points. Reactions followed almost as violent as the gains. The net result of the week was to leave industrial stocks about where they were at the end of the week before; railroad stocks showed a decline averaging about a point.

But though the technical position of the market gives ground for caution, the fundamental factors, which determine trends over a long period, have continued favorable. Most important of all was the government's report on the wheat crop, showing the unprecedented condition of 99.8, compared with a ten-year average condition on April 1 of 82.3, and exceeding all private estimates. The indicated winter wheat crop of 837,000,000 bushels compares with 558,449,000 in 1918 and 685,000,000, the previous record crop, in 1914. The crops are the very basis of all prosperity. Before the war, that truth was recognized. Since then it has become obscure. The crop has been slighted because we have been so certain of it. It is only controversial matters that tend to get themselves discussed. That has led to the importance assigned in current gossip to disagreement and progress at the peace conference, to the deadlock over steel prices, and to the outlook for the railroads. But the action of the stock market indicates that it expects the first question soon to be favorably settled. As to the second and third, the future is merely uncertain, with no real reason for alarm.

The investment market stood still for another week while it awaited the announcement of terms on the Victory Loan, for which the campaign is only one week away. Last week the announcement was made from Washington that the terms of the loan would be published to-day. The statement of terms should greatly help to clear the air, both in the investment market and in the short term paper markets. The banks will be able to decide more accurately to what extent they will probably be called upon to aid in flotation, and from this will be able to determine their loan policy.

The figures of Saturday's bank statement seem mainly to have reflected payments on the \$200,000,000 of War Finance Corporation one-year notes last week. Surplus reserve decreased \$7,835,320 despite a decrease of \$88,136,000 in net demand deposits. Loans, moving contrary to deposits, advanced \$168,010,000. These figures help to ac-

General Motors Profits Slump To 8.75 Per Cent

Balance of Common Heavily Reduced in 1918 Owing to Large Charges for Depreciation and Taxes

Net profits of the General Motors Corporation in 1918, after all expenses and Federal taxes, were \$15,391,028, of which \$14,825,550 applied to the holding company proper. After allowing for preferred dividend requirements of \$1,180,000 and a disbursement of \$739,566 on the new debenture stock created in the last half of the year there was a surplus of \$12,965,063, equivalent to 8.75 per cent on the \$147,379,900 common stock outstanding at the close of the year. This contrasted with 34.19 per cent earned on \$76,873,300 common stock in the hands of the public on December 31, 1917.

The annual report, out to-day, disclosed that more than \$20,000,000 was charged of last year for Federal taxes and extraordinary expenses. This item in 1917 amounted to only \$6,501,889. So far as actual profits before taxes and depreciation were concerned, there was little difference on a dollar basis between the showing of 1917 and last year, when the net sales showed a total of \$29,739,829.

Net sales of all companies under the control of the General Motors Corporation in 1918 aggregated \$26,044,756. The number of cars, trucks and tractors sold during the year was 246,834. The amount set aside last year for depreciation was \$2,616,344.

The balance sheet showed current assets at the end of 1918 of \$18,415,828, while current liabilities were only \$3,225,336. After reserving two months' proportion of dividends on the preferred and debenture stocks, payable February 1, there was left as working capital the sum of \$149,002,029, compared with \$64,654,766 at the end of 1917.

Of notes payable, \$10,802,154, found in the liabilities column, the report stated that \$7,000,000 represented bank borrowings on account of business, which has been paid since the end of the year. The balance of \$3,802,154 covers indebtedness assumed in the purchase of properties during the year.

The other indebtedness of the corporation on December 31 consisted of accounts payable of \$18,453,917, company wholly owned subsidiaries for merchandise, and \$3,749,865 for payrolls, taxes and other items.

Commenting on the manufacture of products in 1918, W. C. Durant, president, stated that the company's report of the twenty-three operating units eighteen were engaged on government contracts. The gross value of the products actually completed was approximately \$7,000,000. At the time the armistice was signed orders and contracts in hand exceeded \$50,000,000.

The company furnished 5,000 G. M. model sixteen chassis trucks for war purposes. The chassis for the corps was supplied with a total of 2,250 Cadillac cars, while 1,157 Cadillac engines were sold to the ordnance department for use in the army's tank and artillery tractor. At the time the armistice was signed there were orders on the company's books for 10,000 Liberty aircraft engines and 2,528 Liberty engines were actually completed and delivered.

"It is gratifying to report," said Mr. Durant, "that war product operations were considerably advanced, as evidenced by the showing for the first quarter of 1919; the number of cars, trucks and tractors sold to March 31, 1919, inclusive, being 82,157; the net profits before deducting Federal taxes are estimated at upward of \$20,000,000."

The number of stockholders of the corporation is now in excess of 12,000, Mr. Durant stated.

President J. H. Reinstein, of the Fur Merchants' Association of the City of New York, has offered the services of the association for the purpose of effecting a possible arbitration of the strike in the dressing and dyeing branches of fur industry.

Instructions to offer the association's offices in the strike were given Mr. Reinstein at an informal meeting of the board of directors of the Fur Merchants' Association late last week.

St. Paul Directors Hope for Better Times

Net Income for 1918 Amounted to \$6,241,509; Compensation Held Up

The gross income of the Chicago, Milwaukee & St. Paul Railroad in 1918 amounted to \$30,249,011, according to the annual report of the road. Of this amount, \$27,946,771 constituted compensation received from the United States Railroad Administration.

After all deductions the net corporate income totaled \$6,241,509. "While the amount of the compensation to be paid the company under the terms of the agreement with the Director General is \$27,946,771 (exclusive of extra compensation), only a small part of this amount, viz., \$6,275,000, was paid by the United States Railroad Administration to the company during 1918," R. M. Calkins, the president, says. Loans amounting to \$13,857,000 were made from the Railroad Administration, War Finance Corporation and New York banks.

"While your board is hopeful of better conditions, and more favorable results for the year 1919, the complications and uncertainties of the railroad situation in general make it impossible to make definite forecast at this time."

"Meanwhile, the president further commented, 'the properties of the company is being well maintained and with the return of normal conditions it is confidently expected that more favorable results will follow.'"

Trade Council May Meet in Mexico City Carranza Will Invite U. S. Exporters to Hold 1920 Convention at Capital

MEXICO CITY (Saturday), April 12 (By The Associated Press).—Members of the delegation sent to this city by the Mississippi Valley Association were received to-day by President Carranza and later held a conference with heads of government departments and representatives of banking, commercial and manufacturing interests.

The stay of the visitors must be shortened because of the necessity of the mission making its report at a meeting of the association, to be held in Chicago on April 22 and 23. It is expected that at that time an invitation from President Carranza will be read, inviting the National Foreign Trade Council to hold its 1920 meetings here.

It is the consensus of opinion of the mission that Mexico holds forth great opportunities for development. Robert McKay, of the Fort Dearborn Bank, Chicago, chairman of the delegation, and Harry Garver, of the Chicago Association of Commerce, secretary, declared today that they believe that had revolutionized all their preconceived ideas regarding Mexico, and that the republic offered great promise for American trade.

Hudson Tubes Need Funds Company Asks Permission to Issue Bonds

The Hudson & Manhattan Railroad Company, owner of the Hudson tubes, has applied to the Public Service Commission for an order to permit the company to issue \$1,654,000 of 5 per cent bonds under the company's first lien and refunding mortgage.

The company stated that the principal will be used for the reimbursement of its treasury for expenditures made for additions and betterments to its property, and in part for paying obligations incurred by the company for the purchase of rolling stock.

The application, which is signed by Wilbur C. Pisk, president, states that of the whole amount applied for \$908,500 face value is an account of expenditures for betterments and improvements amounting to \$245,800. The larger amount is needed to cover the cost of rolling stock, which was sold at 80 per cent of the sum remaining under the application—namely, \$745,000, face value—is an account of expenditures amounting to \$188,500 for retiring existing rolling stock and \$460,000 for payments for rolling stock.

Market Barometers

Stock Exchange Transactions

Stocks

Bonds

Stock and Bond Averages

Stocks

National Banks Show Huge Growth During War Period

Resources \$305,000,000 Greater Than Ever Before Reported, the Controller's Survey Reveals

WASHINGTON, April 13.—The returns just compiled by the Controller of the Currency show that resources of the national banks on March 31, 1919, amounted to \$290,017,000.00. These resources (excluding New York City, which showed a reduction), exceed by \$305,000,000 the greatest resources ever before reported.

The records show that since March 5, 1917, a clear majority of the \$17,000,000,000 of Liberty bonds sold in this period. Meanwhile, the resources in 1917, there have been placed through the national banks of the country about of the banks increased \$4,038,000,000 and their deposits \$2,342,000,000.

Deposits March 4, 1919, aggregated \$15,299,807,000, an increase of \$861,000,000 compared with March 4, 1918, and an increase of \$2,342,000,000 over March 5, 1917. The increase in deposits compared with December 31, 1918, in the whole country, outside of New York City was \$287,293,000. The reduction in New York City was \$410,000,000. The increase in deposits throughout the country since December 31, 1918, has taken place mainly in the country banks.

Loans and discounts, March 4, 1919, amounted to \$9,691,000,000, an increase of \$552,000,000 compared with March 4, 1918, and an increase of \$978,000,000 compared with March 5, 1917, but a reduction of \$227,000,000 compared with December 31, 1918. The percentage of loans and discounts to deposits on March 4, 1919, was 63.35 per cent; March 4, 1918, 63.30 per cent; March 5, 1917, 67.25 per cent.

Bills payable and rediscounts on March 4, 1919, amounted to \$1,451,000,000, an increase of \$1,000,000 compared with March 4, 1918, and of \$3,381,000,000 compared with March 5, 1917, due principally to money borrowed temporarily on United States certificates of indebtedness and Liberty bonds. Of the \$1,451,000,000 of bills payable and rediscounts shown March 4, 1919, \$1,014,000,000 was represented by bills payable with the Federal Reserve banks and \$437,000,000 by bills payable with other than Federal Reserve banks, leaving a balance of \$389,000,000 of rediscounts, including those with Federal Reserve banks.

United States bonds, including Liberty bonds and United States certificates of indebtedness held March 4, 1919, aggregated \$1,560,000,000 over March 4, 1918, and an increase of \$2,967,000,000 over March 5, 1917. Of the government bonds and certificates of indebtedness held March 4, 1919, approximately \$1,000,000,000 are bonds of the old issues and pledged as a basis for circulation. About one billion represent bonds of the first four Liberty loans held by the national banks, the remainder of the government obligations owned being short term certificates of indebtedness.

Consolidated Exchange

[Unit of trade on this exchange, 10 shares] Following table gives total transactions for the week ending April 12, with the high, low and closing prices:

Advances

Retreats

Steady

Stocks

Bonds

Stocks

Bonds

Stocks

Bonds

Stocks

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Belfast

THIS city, with a population in 1911 of 386,947, is one of the first-class ports of the United Kingdom, with a large and safe harbor noted for its fine docking facilities, which cover an area of 132 acres. In its harbor are three large shipbuilding yards, in which were built the Oceanic, Cedric, Celtic, and the Baltic, for a time the largest ship in the world.

Belfast is an important manufacturing place; its linens and damaks are noted the world over. The prosperity of the trade and industry in the Belfast Consular District was well maintained during 1917, and the output of some industries was the greatest in their history. Cotton trade has developed to such an extent in Belfast that the movements of the market and course of prices have been followed with the keenest interest.

Its total commerce in 1916 was \$49,986,000, of which only \$1,996,000 were exports.

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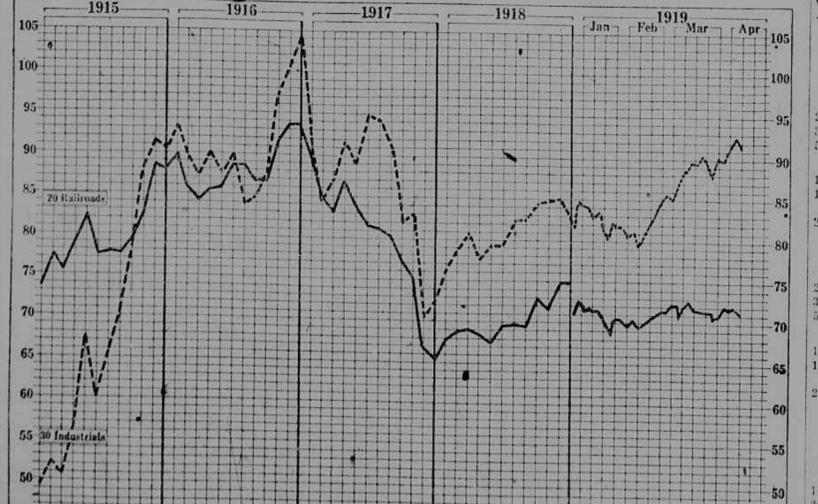
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Price Trend on the New York Stock Market



The graph above shows average price of twenty railroad stocks in one line and thirty industrial stocks in the other on the first business day of each month from January, 1915, to December, 1918, and the weekly high, low and closing average prices since January 1, 1919.

1915 1916 1917 1918 Jan. Feb. Mar. Apr. 1919