

THE FINANCIAL SITUATION.

A broader view of the financial and commercial situation is now available, for the outlook has been generally clarified in the ten days following the enactment of the new tariff. It has been clarified by the American and Canadian Government crop reports, by the report of the Copper Producers Association, by important developments in the steel trade, by the expansion in mercantile and manufacturing business and by a continuing healthy condition in the money market. In some lines of trade and manufacturing, particularly in textiles, business men, whatever they may think of the new tariff, have increased their operations and arranged for additions to plants under the protection afforded by the new schedules, but of much greater consequence, undoubtedly, upon the week's trade improvement was the Government crop report, which was given out on the first business day of the week. Many manufacturers and merchants had waited for the last word on the tariff before increasing their operations, but many of the railroads, which are the biggest spenders of money in the country, had waited for assurance of a positive nature regarding the crops before making very important orders for railroad equipment and deciding definitely on plans for new construction and betterments. In no one's mind is there any doubt whatever that assurance of a most positive character were given by the Government crop report, for the accuracy of the estimates has been attested by many State reports, by analyses of private experts and by the action of the grain market. It is true that some little disappointment has been expressed over the condition of the corn crop, but this disappointment was due to the fact that previous estimates on corn had placed the crop 200,000,000 bushels above all previous years, while the report indicated a crop of not quite 2,000,000,000 bushels. That amount is, however, in excess of the yield of previous years, and the estimate of a record crop of oats, a wheat crop of approximately 700,000,000 bushels, a quantity well in excess of previous estimates, and good yields of the minor crops disclosed a crop situation altogether as favorable as could be desired. It had long been predicted that assurance of abundant crops would be followed instantly by substantial orders on the part of the railroads, and this expectation also has been fulfilled. The railway companies always went into the market for \$25,000,000 of new equipment, and daily reports from the trade showed that the demand was not from the big systems alone but from the smaller railroads and traction companies as well. In rails the business improvement was even more decided. It is not long ago that the rail mills of the United States Steel Corporation, for instance, were operating at no more than 50 per cent. of capacity; now the Western mills, including that at Gary, have orders on the books exceeding the capacity of the plants by 100,000 tons for the remainder of the current year, and complaints from buyers over inability to secure prompt delivery are becoming frequent. The Gary plant alone is turning out rails at the rate of 4,000 tons per day, and in most of the other departments of the company's business plants are in operation at full capacity. The railroads are spending money again as they spent it in the last period of prosperity and the expenditures are not based on prospects of increased business alone. They are increasing their railroads earnings reported in current statements, and in many cases need to use much of the earnings in long deferred appropriations for maintenance and replacements. Among the traction companies, as with the steam railroads, activity has increased, and to this circumstance may be attributed in part the progress in the copper metal trade evidenced by the increase of 32,000,000 pounds in deliveries reported by the Copper Producers Association for July. The increase in deliveries does not represent, however, an increase in the metal trade, for the reason that while domestic consumption increased handsomely exports also increased, with a resulting increase in the supply of the metal abroad, where the demand is by no means as keen as here. However, there was a decrease of 10,000,000 pounds in the stocks of the metal abroad and in this country combined, so that consumption of copper has finally overtaken and passed production. In other branches of trade the reports agree that the improvement continues steadily and rapidly, with particularly important gains in all branches affected by the new tariff. Evidence of a complete recovery from the panic are plentiful, and the confidence displayed in all lines of trade and industry seems to justify a prediction that business generally will be conducted at record breaking volume before the close of the current fiscal year. There seems plenty of currency available for the despatch of this rapidly increasing business. New York bank reserves are substantial, as are those of interior cities. Reports from the interior are to the effect that interior banks are able to finance the bulk of the crop moving, and though such reports have been heard so frequently in previous years as to justify some scepticism, there is no doubt whatever that interior banks are in a position to contribute more funds toward crop moving than ever before. Some of the interior banks have in fact made in the past week heavy loans in this city, in response to the increase in time money rates induced by the demand from merchants and manufacturers. This demand was the feature of the money market last week and revealed the expansion in mercantile and manufacturing enterprises as clearly as any other incident following the completion of the tariff revision and the August crop report. Increased stock market activity, combined with the increased offerings of commercial paper, has brought about some hardening in call money, but the rate at the close of a week of very keen market activity was but 2 1/2 per cent., and among lenders complaints over the cheapness of money were again much more numerous than were any predictions of a possible advance in rates sufficient to cause the least concern over a lack of funds in the fall and winter. In the monetary situation a favorable development of the week was a decline in sterling exchange to a point well below parity—a decline that was attributed not only to the expectation of heavy exports of crops, foreign crop reports indicating a shortage of 50,000,000 bushels in wheat abroad, but also to substantial purchases of American securities abroad. A block of \$2,500,000 of bonds of the New York and Albany Railway Company was sold in Paris in the course of the week, and the week also noted an increasing demand for American securities on the part of British investors. This increased demand from England seems a natural tendency in view of the increased taxation there, and it is expected to continue

form a more important element in the American markets than has been the case before. Investment and speculative purchases on the part of the public were also features of the New York market. There was a great increase in the number of customers in the brokerage offices and a development of speculative activity which contrasted with the deliberate, orderly and reserved character of the market's advance in previous weeks. The advance was not as great as in the week before, but the market was more impulsive, erratic and irregular. Particularly in Union Pacific common and preferred shares and in other stocks with which Mr. Harriman's name is associated, the movements were violent and extraordinary. That which on Friday produced a gross gain of 6 points in Union Pacific common and 10 points in the preferred attracted the greatest interest, and in some quarters aroused the sharpest criticism that has been directed against the market. The advance was explained by report of a revival of the old plan for segregation of the investment holdings of the Union Pacific and distribution of an extra dividend of some form or other to both preferred and common stock holders, and though the reports entirely lacked official confirmation, speculators have been so used to extraordinary and dramatic transactions on the part of companies under Mr. Harriman's control that all the rumors circulated seemed to secure credence among them. Otherwise the majority of market movements of the week were not illogical, the stocks of steel companies responding to continued trade improvement and the stocks of the railroads, particularly the greater roads, attaining a new high level in the publication of a Government crop report that was favorable beyond expectations. In this respect the railroad stocks moved in harmony with the grain market, which showed that the crop report had been favorable beyond the expectations of the grain trade as well as others. In the railroad stocks and the active industrials heavy realizing sales were made throughout the week and were readily and easily absorbed. Buying of standard investment stocks was strongly in evidence throughout. At the end of the week stocks were at about the highest level since the panic and differences of opinion as to the stability of the market were strong and numerous. The popular unfavorable argument was that the increase of purely speculative activity had created a dangerous condition. Technically, it was contended, the position was weak because of the possibility of very heavy profit taking sales by large holders. But otherwise there is no important criticism for the general public in manifesting keen interest in securities, the leaders of industry and finance are in accord on important matters, the business and banking situations are thoroughly sound and increasing equities in stocks are certain to follow closely the rapid increase in all branches of trade.

FINANCIAL AND COMMERCIAL.

Table with columns: High, Low, Close, Net, High, Low, Close, Net. Lists various stocks and their prices, including 30 American, 21 Japanese, 21 Canadian, etc.

Table with columns: High, Low, Close, Net, High, Low, Close, Net. Lists various stocks and their prices, including 100 Ch & Alton, 1400 Ch & North, etc.

RAILROAD AND OTHER BONDS.

Table with columns: High, Low, Close, Net, High, Low, Close, Net. Lists various bonds and their prices, including Adams Exp, Am Agr, etc.

Potter, Choate & Prentice BANKERS. MEMBERS N. Y. STOCK EXCHANGE. TRANSACT A GENERAL BANKING AND COMMISSION BUSINESS. NEGOTIATE SECURITY ISSUES OF RAILROAD AND OTHER CORPORATIONS. NATIONAL CITY BANK BUILDING 65 WALL STREET NEW YORK.

Pennsylvania Railroad A Study in Value—Showing: Relative market position. Dividend record since 1858. Capital expansion since 1902. Improvement expenditures since 1902. Ten years' growth of earnings. Increase of capital expansion upon earnings. Freeman, Rook & Co., BOSTON, 25 Broad Street, New York. PROVIDENCE.

Bertron, Griscom & Jenks BANKERS. 40 Wall Street, New York. Land Title Bldg., Philadelphia. Investment Securities.

Carpenter, Baggot & Effingham Lawrence & Co. 17-21 William St. & Co. 111 Broadway, New York. Investment Securities.

Wm. A. Read & Co. Bankers. 25 Nassau Street, N. Y. Simpson, Pearce & Co. Members New York Stock Exchange. 111 BROADWAY NEW YORK.

American Finance and Securities Co. INVESTMENTS. 5 Nassau St., New York. Bonds Well Secured. The Exploration Company of New York.

DEL, LACK, & WEST. COAL DEALERS IN WILLIAMSON & SQUIRE. 25 BROAD ST. 1852 1909 Jas. B. Colgate & Co. 36 Wall St., New York.

J. L. Newberg & Bro., 25 Broad Street, New York. Maturing Bonds. J. Thomas Reinhardt, 38 Broad St., N. Y.

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