GOSSIP OF THE STREET—PHILADELPHIA COMMERCIAL MARKETS

FINANCIAL AID FOR RAILROADS DEMANDED FROM GOVERNMENT

Strikes Not Worrying Owners of Railroad Securities So Much as Demands for Higher Wages

IT WAS a matter of some comment in the financial district that the railroad securities did not show any marked response to the announcement from Washington of the understanding reached between the President and the brotherhoods that there would be no strike called during the war. Some said that while strikes were something to be feared at any time, the holders of railroad securities are not now so much afraid of strikes as they are of concessions which may be made to the railroad employes to "bribe" them, as some put it, or to reward them, as others would have it, for not striking. Many of these holders of railroad securities fear that any benefit which might accrue to the railroads from a favorable decision of the 15 per cent freight rate raise cases will be nullified by the demands of the employes for wage increases.

It would seem that the demand for Government financial assistance for the railroads, whether the Interstate Commerce Commission decides the rate increase favorably or unfavorably, is going to be pushed to the front. Last week Frederick H. Prince, a banker and railroad expert from Boston, advocated such assistance at a hearing before the commission. He said:

"It seems not unreasonable that a loan of $500,000,000 should be made to our railroads by the Government, secured by railroad equipment. The railroads are as necessary for the war as any other agency. The mere knowledge that such a loan was available would automatically restore credit, the life-blood of the railroads."

In addition, Mr. Prince favored the rate increases and also the formation of a company like the Pullman Company to control freight cars. In order to force less-than-carload traffic to bear its share of the burden of operation he urged that the railroads be required to make a loading and unloading charge of ten cents a hundred weight, with a minimum charge per package.

"The handling of this class of business," he said, "results in an annual loss to the New Haven road of $6,000,000 and to the Boston and Maine of $4,000,000." John F. Fitzgerald, ex-Mayor of Boston, who also appeared before the commission, demanded to know why the Government could make loans to France and Russia for the construction of a shipbuilding plant at Squantrum and not be able to render financial assistance to the railroads of the country."

The hearings before the committee are to be continued today.

More New Financing by Local Concerns

Another new issue of short-term bonds will appear this morning. The issue is $2,000,000 first mortgage 6 per cent serial convertible gold bonds of the Penn-Seaboard Steel Corporation. They are issued by Frazier & Co., Broad and Sansom streets, in conjunction with Cassatt & Co., Henry S. West and Townsend Scott & Son, of Baltimore.

These bonds are free from normal Federal income and Pennsylvania State taxes. They are also issued serially, $300,000 maturing on December 1, 1918, and the same amount each year thereafter until 1921, when $800,000 will mature (the last of the issue) in 1922. They carry a redemption feature at 101½ at any time on thirty days' notice.

The Penn-Seaboard Steel Corporation owns three plants located at Chester, Pa., New Castle, Del., and New Haven, Conn., respectively.

The net earnings of the corporation for ten months ending October 31, 1917, are reported as $1,049,597, or at the rate of $21 a share on the 50,000 shares of stock outstanding. This was arrived at after deducting the general expenses, repairs, renewals, maintenance and depreciation charges and the normal Federal income tax of 6 per cent.

The bonds are secured by a first mortgage on the entire property of the corporation, now owned or later to be acquired. The corporation has on hand some very large orders and valuable contracts for both the British and Federal Governments, and is at present earning more than ten times the interest charges on these bonds. Another attractive feature of these bonds is the conversion feature by which they can be converted into stock of the company at the option of the holder in any one of the five years up to 1921.

The prices quoted for the various maturities yield all the way from about 7¼ to 8 per cent.

There are a number of other very attractive features about these securities which deserve the attention of the careful, shrewd investor, but as issues go these days this comparatively small issue is certain to be subscribed very quickly.

Activity in Industrials Predicted

The declaring of an extra dividend of 2½ per cent by the action of the directors of the Lackawanna Steel Company, and of the General Chemical Company of a dividend of [illegible] per cent on the common stock and a special dividend of 2½ per cent in cash have given rise to an opinion which is quite freely expressed among the financial houses that a great many large industrial concerns will distribute at least a part of the large surpluses which they have accumulated from war business before the close of the year in order to avoid any increased taxes which Congress may impose on business during the next twelve months. It is claimed that this idea is to a large extent accountable for the stiffening in prices for leading industrials and that from now on there will be considerable activity among this class of securities.

Increased Business for Utility Companies

The manner in which new business is being crowded upon the electric power companies is indicated by the reports from several widely separated Byllesby properties for the week ended November 17. At Oklahoma City 1482 horsepower in motors were connected in three cotton-oil mills at present operating on a twenty-four-hour day basis. At Mobile, Ala., shipbuilding and dockage activities and the construction of portable houses for our military forces abroad caused the acceptance of power contracts aggregating 1748 horsepower. The central station at Fort Smith has finished a fifty-mile transmission line which will serve the mines of a large Arkansas coal field and five towns. At Stockton, Cal., a new paper mill will demand 1300 horsepower. Electrical output of all Byllesby properties for the week was 20.2 per cent ahead of last year. The consumption of gas also has increased heavily, as for example, at San Diego, where the requirements of Camp Kearny advanced gas production 38 per cent compared with the preceding year.

Viewed in connection with the general attitude of the public utility commissions and city officials toward rate increases where they are necessary, the large gains in business by electric and gas companies cannot fail to reassure the investor in such securities. The fair mindedness of all concerned toward higher rates is indicated by the statement of O. B. Wilcox, of William P. Bonbright & Co., that out of 462 applications of this kind reported in 1917, 401 have been allowed. In Minneapolis, the Wholesalers and Retailers' Association, once a bitter critic of electric rates, has sanctioned a 10 per cent increase in the power schedule and a 5 per cent advance in lighting.

A well-known investment banker referring particularly to public utility securities says:

"Don't sacrifice sound securities with the present low prices if you can possibly hold on to them. There is no change in the fundamental situation to justify the sacrifice of dividend-paying stocks with adequate assets and high earning power behind them at this juncture. Nothing has occurred, and nothing so far as human foresight goes is likely to occur to in any way impair either underlying assets or earning powers of the important corporations."

Those Tobacco Notes

New York papers are awakening to the fact announced in this column on Friday last, namely, that the $25,000,000 American Tobacco notes, which were refused renewal privileges for three years for rediscounting purposes by the Federal Reserve Board at Washington, under a new agreement have been permitted that privilege for three renewals covering a period of one year.

Yesterday's New York papers were the first to announce the change.

Under the new arrangement, as previously stated in this column, the notes will be considered in the same light as trade acceptances.

It was said that the syndicate which bought the American Tobacco notes consisted of the Guaranty Trust Company, the Chase Securities Company and Kidder, Peabody & Co., put the matter up to the Federal Reserve Board in such a convincing manner that, in view of the present depressed condition of the securities market and realizing that the syndicate had blundered unintentionally in its interpretation of the Federal Reserve act, permitted the bankers to go ahead with the sale of the notes under the stipulated modifications, with a warning that a repetition of the blunder should not occur again.

It would, therefore, now seem that this novel method of new financing is not likely to become popular.

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A well-known banker who specializes in public utilities has this to say of that class of securities:

"The investor who has good public utility bonds and preferred stock is today in a position to materially improve his investment position by the purchase of securities which frightened investors are sacrificing without reason. In the readjustment which is naturally going on in this country due to the war, it will be found, when it is finally settled, that the securities of the public utility companies are established on a firmer economic basis than those of any other class.

"It is true with many companies whose sole source of fuel is coal that a very perceptible increase has occurred in their operating cost, but the situation is a temporary one, and it will be remedied either by reduction in the price of coal or an increase of rates by and with the consent of the governmental authorities. It is entirely unreasonable to suppose that the properly constituted governmental authorities, either municipal, State or Federal, will not recognize the absolute necessity and justice of providing, at least in part, for the increase in the operating costs by allowing an increase in the rates. Where public utility companies are operating by water power, or where their steam power is supplemented by water power, it will be found that they will be able to maintain their operations in a satisfactory condition, with little or no increase in rates.

"The investor in this class of securities should always bear in mind that the property in which he has invested his money is supplying a vital necessity in the everyday life of the community, and at this time, as virtually every utility company is furnishing energy to manufacturing plants producing war necessities, will be given favorable consideration by all governmental agencies to aid its efficient and normal operation."

PHILADELPHIA MARKETS

GRAIN AND FLOUR

WHEAT—Receipts, 76,801 bush. The market was steady. Quotations (car lots, in export elevator, Government standard inspection): No. 1 northern spring, $2.27; No. 1 hard winter, $2.27; No. 1 durum, $2.27; No. 1 hard white, $2.27; No. 1 red winter, $2.27; No. 1 soft red, $2.25. (No. 2 or better of these grades to a pushed price.) No. 3, no less; No. 4, 10c less; No. 2 red, $2.24; No. 3 soft red, $2.22; No. 3 red, $2.21; No. 3 red, $2.18; No. 4 red, $2.17; No. 4 soft red, $2.15. While wheat relatively same price as red winter wheat, 2c off No. 3 wheat, red or soft, and samples will be bought on their merits, but in no case at above to under No. 4.

CORN—Spot supplies of corn very light and values entirely nominal. Quotations near bids for local trade, or to Southern points: Western No. 2, $2.15 and $2.20 nominal.

OATS—Receipts, 53,048 bush. Demand was only moderate but with light offerings and stronger outside advance helped some again. Quotations: No. 2 white, 79@79½c; extra white, 78½@79c; No. 3 white, 78@78½c; lower grades, 76@77c.

FLOUR—Receipts, 731 bbls and 2,811,000 lbs. In sympathy with grain, flour was steady but quiet. Demand for shipment was active, and prices were steady. Quotations: Spring patents, $10.50@11 per bbl in the comparatively light supply; winter patents, $10@10.50; straights, $9.75@10.25; clears, $9.50@10; spring straights, $9.75@10.25; winter straights, $9.50@10; winter clears, $9.25@9.50; city mills' shipment spring patents, $10.25@10.75; do winter patents, $10@10.50; do spring straights, $9.75@10.25; do winter straights, $9.50@10; do spring clears, $9.50@10; do winter clears, $9.25@9.50; rye flour, $8.50@9; spelt flour, $10@10.50; corn flour, $8.50@9 per bbl.

BUCKWHEAT FLOUR—Quiet and steady, but only a few small lots moved. Quotations: Fancy, $4.50@4.75 per 100 lbs, in sacks, delivered.

BRAN—Firm and steady, with moderate demand. Quotations: Spring bran, in bulk, $42@42.50; winter bran, in bulk, $42@42.50; spring bran, in sacks, $44@44.50; winter bran, in sacks, $44@44.50; flour middlings, $48@49; city middlings, $48@49; flour middlings, in sacks, $51@52; spelt, $1.75@2 per bushel.

BUCKWHEAT—Quiet and steady. Quotations: Western, $3.25@3.50; Pennsylvania, $3.50@3.75 per bushel.

PROVISIONS

Cured meats were steady under moderate offerings and a fair demand. Quotations: Hams, smoked, 14@24 lbs, 27@27½c; hams, smoked, 24@30 lbs, 26@26½c; hams, smoked, 30@35 lbs, 25@25½c; hams, smoked, 35@40 lbs, 24@24½c; hams, smoked, 40@45 lbs, 23@23½c; hams, smoked, 45@50 lbs, 22@22½c; hams, smoked, 50@60 lbs, 21@21½c; hams, smoked, 60@70 lbs, 20@20½c; hams, smoked, 70@80 lbs, 19@19½c; hams, smoked, 80@90 lbs, 18@18½c; hams, smoked, 90@100 lbs, 17@17½c; hams, smoked, 100@110 lbs, 16@16½c; hams, smoked, 110@120 lbs, 15@15½c; hams, smoked, 120@130 lbs, 14@14½c; hams, smoked, 130@140 lbs, 13@13½c; hams, smoked, 140@150 lbs, 12@12½c; hams, smoked, 150@160 lbs, 11@11½c; hams, smoked, 160@170 lbs, 10@10½c; hams, smoked, 170@180 lbs, 9@9½c; hams, smoked, 180@190 lbs, 8@8½c; hams, smoked, 190@200 lbs, 7@7½c; hams, smoked, 200@210 lbs, 6@6½c; hams, smoked, 210@220 lbs, 5@5½c; hams, smoked, 220@230 lbs, 4@4½c; shoulders, smoked, 16@17c; breakfast bacon, 26@32c; dry salted bacon, 23@23½c; smoked bacon, 26@27c; smoked loins, 31@32c; smoked bellies, clear, 24@25c; smoked bellies, clear, 14@16 lbs average, 25@26c; smoked bellies, clear, 10@12 lbs average, 25@26c; smoked bellies, clear, 6@8 lbs average, 25@26c; smoked bellies, clear, 4@5 lbs average, 25@26c; smoked bellies, clear, 2@3 lbs average, 25@26c; smoked bellies, clear, 1@1½ lbs average, 25@26c; smoked bellies, clear, 1 lb average, 25@26c; smoked bellies, clear, ½@¾ lb average, 25@26c; smoked bellies, clear, ½ lb average, 25@26c; smoked bellies, clear, ¼@½ lb average, 25@26c; smoked bellies, clear, ¼ lb average, 25@26c; smoked bellies, clear, ¼ lb average, 25@26c; smoked bellies, clear, ¼