

OPINION OF THE STREET

FINANCIAL CIRCLES ARE FIRM IN BELIEF THAT GERMANS HAVE LOST THEIR HOPE OF VICTORY

Confident That Situation in France Actually Is More Favorable Than Censorship Indicates.

There were different opinions prevailing in financial circles in this city yesterday as to the reasons for the unusual strength of the stock market. Strange to say, a majority of the opinions were to the effect that affairs in Europe are in a more favorable condition than the close censorship permits to be known. One banker, in support of this argument, pointed out that the stock market has always, since the war began, reflected conditions about a week ahead. He says there are certain big interests who are in touch with military experts on both sides of the Atlantic, and that their operations can be traced to the advice and news which they are in a position to secure ahead of others.

"There is no particular reason why I should have a feeling that the news from Europe which is coming will be very favorable," said a well-known broker yesterday. "I have an intuition; perhaps from what I read, perhaps it is because we are having virtually no war news," he remarked, "but I have met a number of other men who feel the same way. It may be that it is the reaction from our fears that the Germans would break through in their last big drive, which failed, and now when these big drives are threatened we don't seem to mind such threats."

Quite different was the opinion of another banker in the central district. "I am pessimistic over the outlook," he said. "I was at a meeting last night and heard a lot of things to confirm my opinion," he continued. "But I consider that speech by Lord Curzon a few days ago, where he warned us we have a long war before us, as very significant. I also heard at that meeting a man in a position to know say that mechanics in the steel and possibly in the allied manufactures were about to make a demand for higher wages equal to \$1 an hour."

"If this is granted," he resumed, "I can see no future for the bond market. I can see a future for the stock market in inflation in prices of stocks, particularly industrials, but no outlook for bonds with their limited income to meet the inflated cost of living. I can see people parting with their bonds and investing the proceeds in high-yield stocks."

"The present prices for the different issues of the Liberty Bonds," he remarked, "shows that succeeding issues must carry a higher rate of interest than 4 1/2 per cent unless there is a change, which I don't anticipate."

"The fashions of bonds change," said the manager of one of the largest banking and investment houses in the city yesterday. "For a long time past every purchaser asked about the yield; now they don't discuss that subject. The call at present is for 6 per cent bonds at par. Purchasers want to know just what they will have to pay and what they will get in return for their money, and 6 per cent seems to be the demand. Of course," he continued, "industrial and public service bonds are most largely represented in this particular category and we are having quite a demand for them. The indications are that there is still plenty of money left for investment."

Bond Market Reflects Improvement

It is generally conceded among the bond houses that the bond market is beginning to reflect the improvement in the stock market, especially in the active issues, which have been advanced from 1/2 to 2 1/2 points. The improvement in prices is particularly shown in the high-grade rails. The demand for tax-free municipals is good, with few offerings.

It is said that the \$8,000,000 of one-year 5 per cent notes of the New York Central which mature today will be paid, the Government having already made advances to the road sufficient to permit liquidation of the obligation. In fact, it is said that the \$6,000,000 secured by the New York Central Railroad through the efforts of Director General McAdoo from the Central Trust Company of New York is in part to meet these notes, the Michigan Central Railway being a part of the New York Central system.

Each day the short-term market is becoming more active and there is a fairly substantial turnover of these securities, with prices trending upward. Houses which specialize in short-term notes look with favor on the immediate outlook.

Many Causes for Advance in Rails

Many reasons were given for the sharp upward movement in rail stocks on the exchanges yesterday. One of them, and perhaps the most important, was the persistent rumor which has been current on the Street and in brokers' offices for several days past, that an increase in rates, both passenger and freight, would be announced at an early date by the railroad administration and that this advance would exceed the most sanguine expectations of the railroad men. Since such an advance was predicted in this column several days ago it has become a matter of general news, some papers going so far as to state that the increase in freight rates will be 25 per cent and that a universal rate of three cents per mile for passenger traffic will be established. Official confirmation of these figures at any time would not occasion any surprise and might not influence the railroad quotations, as they have largely been discounted already.

Another reason given for the upward movement in railroad stock prices yesterday was the financing of the New York Central Railroad for \$6,000,000 by the Central Trust Company of New York for six months at the rate of 6 per cent per annum, at the special request of Director General McAdoo, after the officials of the New York Central had reported that the best terms which they could get was 7 per cent.

There are undoubtedly many concerns that would be glad to borrow \$6,000,000, or even one-half of it, or less, at a 7 per cent rate at present, but the director general very wisely does not wish to encourage high rates for money, and as the railroads are under Government control, both as to finance and operation, the opinion on the Street and among financial men is that with such security behind the loan a higher rate than 6 per cent under the circumstances was not justified.

It is said the New York Central asked authority first of all to sell collateral trust notes, but the proposition did not meet with the approval of the director general.

There was a third reason advanced for the strength of the railroad stocks yesterday, but it was founded perhaps more on rumor than fact. It was to the effect that the final draft of the agreement between the Government and the roads as to the matter of compensation had been completed and was satisfactory to all concerned. There was no way of confirming this, but in some quarters it was accepted as more than a probability.

Call Guaranteed Deposit Bill "Feeble-Minded"

There is no sympathy in banking circles in Philadelphia with Senate bill No. 4426, providing for a guarantee of national bank deposits of \$5000 and less.

The general opinion was summed up by one banker, who said, "Whoever sponsored such a bill should be placed in a home for the feeble-minded."

In voicing their protest against the provisions of this bill the entire membership of the New York Clearing House Association says: "Should such a proposition be enacted into law any national bank, however inexperienced its officials managers; however limited its capital resources compared to the field of its activities; however given to risky adventure; however venturesome in buying deposits by paying excessive rates of interest; however wanting in the proved qualities which time and experience have shown to be indispensable to successful bank management; such a bank would, nevertheless, be able to solicit business, truthfully claiming that their deposits were protected, as above stated, by the combined financial strength of the whole national system. Good banks would thus be compelled to give of their strength to induce the creation of then to support incompetent rivals."

"Such a proposition is in violation of common justice and common sense. The stockholders in a bank in one locality would be molested in order to compensate for the mismanagement of banks hundreds or even thousands of miles distant, and over which no mutual control or relationship exists."

"The people should be allowed to exercise wholesome discrimination in their selection as well as in their business activities in general. The individual initiative and individual initiative are cardinal qualities of success. These qualities would be incited if people are to be lashed by legislation from the Government."

GRAIN AND FLOUR

WHEAT—Receipts, 4317 bush. Market quotations follow: No. 1 northern spring, 22 1/2; No. 2, 22; No. 3, 21 1/2; No. 4, 21; No. 5, 20 1/2; No. 6, 20; No. 7, 19 1/2; No. 8, 19; No. 9, 18 1/2; No. 10, 18; No. 11, 17 1/2; No. 12, 17; No. 13, 16 1/2; No. 14, 16; No. 15, 15 1/2; No. 16, 15; No. 17, 14 1/2; No. 18, 14; No. 19, 13 1/2; No. 20, 13; No. 21, 12 1/2; No. 22, 12; No. 23, 11 1/2; No. 24, 11; No. 25, 10 1/2; No. 26, 10; No. 27, 9 1/2; No. 28, 9; No. 29, 8 1/2; No. 30, 8; No. 31, 7 1/2; No. 32, 7; No. 33, 6 1/2; No. 34, 6; No. 35, 5 1/2; No. 36, 5; No. 37, 4 1/2; No. 38, 4; No. 39, 3 1/2; No. 40, 3; No. 41, 2 1/2; No. 42, 2; No. 43, 1 1/2; No. 44, 1; No. 45, 1/2; No. 46, 1/4; No. 47, 1/8; No. 48, 1/16; No. 49, 1/32; No. 50, 1/64; No. 51, 1/128; No. 52, 1/256; No. 53, 1/512; No. 54, 1/1024; No. 55, 1/2048; No. 56, 1/4096; No. 57, 1/8192; No. 58, 1/16384; No. 59, 1/32768; No. 60, 1/65536; No. 61, 1/131072; No. 62, 1/262144; No. 63, 1/524288; No. 64, 1/1048576; No. 65, 1/2097152; No. 66, 1/4194304; No. 67, 1/8388608; 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