

# Representative U. S. Stocks Still Trend Cellarward

*The Journal's imagined portfolio of securities selected in August shrunk in quoted values again in October—for reasons*

Still watching the fortune of the selected list of representative American common stocks chosen in August as if actually bought, the reader will note from the quotations on this page as of October 28, October 29 having been a Sunday, that with minor exceptions all the stocks shrunk in quoted value during October. This, in our opinion, is due less to any weakness in the worth of the stocks themselves than to the demoralized situation at the New York stock exchange, where all is wailing and gnashing of teeth and Gilead yields no balm.

Disaster lies heavily upon the exchange, and its character is not that of Job. Something is going to happen to the exchange, something in the nature of law; it may be worse than mere periods of dull market days, and the exchange doesn't know what this something will be nor what to do about it. Many financial reviewers incline to the opinion that speculation, that should never have been more than tidbits of luxuries to such a pretentiously dignified institution, had become its usual fare; in the midst of what ought to be plenty, its champagne appetite is starving. This doesn't, really, alter the fact that railroads are again making money, that steel's outlook is in all probability sound, that great food products companies can buy at very reasonable prices and sell at least at normal profits.

It is no less true that investment for income goes on all the time, must necessarily go on, as by the insurance companies, and where they seek preferred shares commons at present prices can hardly be a wild guess. The fundamental fact behind the low speculative prices may be that congress is not reconciled to the stock exchange, which in turn is not reconciled to the new deal—skies are dark, storms brewing.

Then there is the deflating effect of the exodus of smart money, the kind big men hold in big chunks and always know how to handle. This money, ordinarily a large factor on exchange, has been skulking away to England, France and Holland to the tune of billions, it is said; in London it has been dubbed *nuisance* money because subject to instant call, it has played havoc with bank and discount rates and has been roundly berated in parliament. It is only less unwelcome in continental capitals that still boast respectable central banks, but is there in spite of coldness toward it on the part of native money.

Being there, it is not in New York, not up on trading on the stock exchange. In fact, it sets a no-trading example and operates to discourage small money from gambling at a table plungers have so incontinently abandoned.

This depressing psychology spreads, and affects adversely the values of all the sound stocks—just as jobbing unsound stocks on a broad scale sends the whole list up, herd-mindedness being the cause of both these calamities. However,

these little amateur reviews are only addressed to men who would invest for income; they are remote from the spirit of speculation or the baser will to sell American short. When smart money gets itself transferred out of America, its owners are selling the country short. They are short-sighted and purse-proud in this, which can't last. They are really trying to beat the United States and the American people, which can't be done; the country is too resourceful, the people too determined to triumph over their adversities.

Smart money will be trying to get back into America one of these days, look then for clamor about the tariff and the restored prices of products and labor. For the means by which this money might get back into the country are means of commerce and banking, the same means employed to get it out of the country. To get it out, securities payable abroad were bought, products were bought and sold abroad and the proceeds deposited. It would be just as well to give this money an extended European vacation. England must tussle with it as best she can; securities may there go far above their real values, during the tussle, while it is pretty certain they will remain below sound values in the United States until money really settles down to playing the game with President

Roosevelt—to seeing it through, as the British have it.

One thing to consider in investments these days is the national character of the industry behind any security you might like to buy. World exchanges are quite upset, Britain has gone empire, Germany gone something indescribable, the United States will inevitably emerge out of today's dilemma firmly launched on an intranational policy of her own—and the last will not be the least. Choose securities, then, with national trade dominantly behind them, and such securities as national industrial recovery will surely and favorably affect.

Railroads	Sept. 29	Oct. 29
A. T. and S. F. ....	55	49
Canadian Pfc. ....	13-1/2	12-5/8
Pennsylvania ....	39	26
Union Pacific ....	110-1/2	110
Baltimore & Ohio. ....	27	22-1/2

Rails quotations slumped from September values on the board, that in turn were lower than those of August. The market has no parity with the actual activity of railroads and current earnings. Its true relations is to the funk that grips the stock exchange, which fears the government may not do right by it.

Banks	Sept. 29	Oct. 29
Chase .....	223 1/2	193 1/2
Empire Trust .....	173 1/2	161 1/2
National City .....	213 1/2	211 1/2
Irving Trust .....	141 1/2	141 1/2

Banks haven't really got going under the new deal; their struggle is between keeping liquid, as the auditors demand of them, and loosening up on credit, as NRA demands. If you still believe in the great banks, as this review does, there could hardly be a luckier combination of circumstances under which to back your faith with a discreet acquisition of essentially sound bank stocks. The stocks quoted are all paying current dividends.

Steel	Sept. 29	Oct. 29
Bethlehem Steel .....	33	28-1/2
U. S. Steel .....	46	39-1/4

Food Products	Sept. 29	Oct. 29
California Pkg .....	33	20-1/2
Corn Products .....	86-1/2	78-1/4
General Foods .....	19	34-1/4

Automobiles	Sept. 29	Oct. 29
Chrysler .....	40-5/8	40-7/8
General Motors .....	28-1/4	27-3/8

Others	Sept. 29	Oct. 29
Drug, Inc. ....	53	53-1/2
Wrigley's .....	53	53-1/2