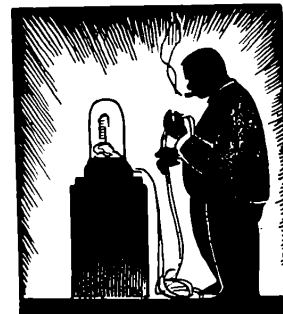


The Stock Market

(August 15th to September 15th)
Five-month ceiling of 82.50 pierced on August 24th,
and averages reached almost 90 two weeks later, on
good volume. Everybody hopes it will last.



by James M. Robb

The market, from the 15th of August to the 24th, was a repetition of the dreary sideways movement which has prevailed for many weeks. Atok, Big Wedge and San Mauricio had a good play, however, and some interest was shown in Baguio Gold, Balatoc, Benguet, Demonstration, Suyoc and United Paracale. Other issues stood still. On August 24th, the street was heartened by the fact that a 1.87 gain brought averages on increasing volume to 83.59—more than a point above the 82.50 level, which for the past five or six months has proved to be the resistance point. On four separate occasions, during the past five months or so, averages have hoisted themselves up to the 82.50 level, and then dropped off. The range has been between this high, and a low of around 74.00.

Brokers and speculators waited to see whether the market would maintain this strength. It did, and more. Averages recorded a small gain on Friday, August 25th, on heavy volume (1,780,800 shares) and on Saturday morning another 1.87 gain was chalked up. San Mauricio was a stand-out performer on this day, registering a 5-point gain to 62. This was not only the highest price San Mauricio had brought since March, but was within 17 points of its previous 1938 high. Figures released by Marsman and Company, San Mauricio's managers, indicated continued improvement in this company's financial condition, and, coupled with encouraging underground developments, stimulated public interest in the issue. The half-day Saturday session following was reminiscent of boom times, with 2,331,985 shares changing hands, with a market value of P406,110. Averages continued to advance, adding 2.39 points to 86.95.

This banner week registered a total gain of 5.40 in the averages, to the highest level since March. However, practically all trading continued to be in the blue-ribbon producing issues. Most of the listed stocks, in fact, continued to stand still, thus indicating that the public is uninterested in future prospects but in present earnings. San Mauricio advanced no less than 10 points during the week, from 55 to 65. The short interest dropped from 500,500 shares worth P119,595 to 171,000 shares valued at P49,405. This apparently meant that the shorts became fearful during the week as advance continued from day to day, and covered.

On Monday, August 30th, the market dropped very sharply due to profit-taking. Apparently people were of the opinion that a bird in the hand is worth t. i. t. b. The market moved erratically within a narrow range for three days on good volume, as traders awaited developments. United Paracale added 1-1/2 points on September 1st, and another point on the 2nd, while Marsman and Company also took hold for a point to P37.00. U.P.'s rise was undoubtedly due to the approval by the SEC of the arrangement with Marsman and Company for a realistic re-examination of the latter's participation in net profits, followed immediately by a 2-centavos per share dividend. Quiet trading prevailed thereafter, the averages hovering between 85 and 87. Mine Operations, Mindanao Mother Lode and North Camarines registered gains. The gain

in Mine Ops. was probably due to good reports re development work at Capsay, managed by Mine Operations.

September 8th and 9th saw selected issues continuing to move sharply upward. San Mauricio went back up to 64, and Benguet, in heaviest volume of general trading since March of this year, brought P12.00—its highest price in 16 months. Averages closed at their high point for the move at 89.62. Brokers continued to make money on commissions (for a change) as volume reached 2,629,800 shares with a value of P597,055. Some thirty issues participated in this trading, instead of the mere handful usually bought and sold. Averages dropped back, however, to 87.50 at the half-day session on Saturday, September 12th, in comparatively light trading, only to bounce back again as the new week opened. San Mauricio staged another spectacular advance, going to as high as 74, and closing the day at 70.

The last week of this period saw the local market hit by war scares in Europe, and stocks moved sharply lower as the New York Stock Exchange suffered a severe case of the jitters. Tuesday, the 13th saw a drop of no less than 5.29 in averages, the list closing at 82.51. The statistical department of Hess & Zeitlin expresses the following opinion re this reaction:

"A close analysis into the nature of the market drop, with particular reference to the brokerage firms which handled most of the selling, and the issues which were the largest losers leads us to the following conclusions: The seriousness of the European situation undoubtedly precipitated the reaction, but that alone could not by any stretch of the imagination have been entirely responsible for the large drop. For the past few months certain issues have been advancing rapidly and undoubtedly many speculators over-extended their holdings. A small drop in prices may have forced some of these individuals to cover, each successive sale adding to the seriousness of the decline. On the heels of this first local break on Tuesday, the New York market broke sharply early Wednesday morning. Local traders who also hold commitments in New York may have been forced to sell in yesterday's local market in order to cover their margin accounts in New York."

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