

Rally in Market As Shorts Cover; Steel a Leader

Stocks React to Oversold Condition With Vigorous Upturn; Sentiment More Cheerful; Money at 6

Wall Street sentiment, which has a way of following the tape in its record of the ups and downs of stock prices, took on a more cheerful tone yesterday. Stocks enjoyed quite a healthy recovery in a movement which has as its main impulsive active repurchases by bear traders, who for some time past have been devoting their energies to selling for the decline.

Without any important change in the news yesterday, this element started in to cover and, as often occurs when the market has been oversold, found itself in the rather awkward position of having to bid stocks up to buy them in. As it became apparent that the shorts who began to cover early in the session were finding the supply of stocks more or less limited, the buying from this quarter became increasingly active during the afternoon the whole list moved forward vigorously.

On the upturn industrial shares were up all the way from 2 to 10 points from the early lows, and in some cases 10 points or more above the lows made on Monday.

The rally could hardly be called unexpected despite the unusual degree of bearishness which has been observed since the price trend for several days if only because of the fact that the market appeared to have been completely liquidated and to be in an oversold condition by reason of the persistent professional selling. On Monday it was noticeable that the early covering of the bear contingent was not so successful in producing liquidation, a fact which probably was responsible for inducing the early dealings yesterday.

Signs point to general improvement in the transportation blockade and the relaxation of credits frozen by the inability of manufacturers to meet their obligations. The opinion was expressed in banking circles yesterday that the worst of the credit strain due to the freight shortage had been experienced and that from now on conditions should reflect gradual improvement. In the commercial money market yesterday there was evidence of a somewhat better feeling with the advance in the rate of discount to 6 per cent and the market rates held 6 per cent all day long, with renewals at that figure, despite the fact that the banks were called upon to make by the United States Treasury amounting to approximately \$16,000,000.

In the stock market the vigorous strength of steel common, which crossed 92, completed a new row of 80% on Monday, stood out prominently. Buying of steel reached large proportions as the session wore on and as the price forces ahead. With the shorts running to cover in the market, the leader it was not surprising to see a similar movement taking place in other parts of the list. Oil shares were among the early favorites of strength, especially the Pan-American Petroleum issues and Mexican Petroleum, which responded to more favorable news from Mexico. Sinclair Oil, which has been under pressure for more than a week, showed a substantial recovery also. In the equipment group Baldwin Locomotive led the rally, while Standard Oil took place among the motor shares. Copper stocks were also strong. The improvement in rails seemed to be based on the improved monthly earnings statements now coming out to hand and the pressure that out of the hearings under way in Washington the roads will be granted relief from high operating costs in the shape of a general advance in rates.

Continued development of change on Germany and Austria supplied the most interesting development in the foreign exchange market. German marks have been strong for some time largely on the prospect of an early clearing up of the uncertainty over what Germany will have to pay in the way of an indemnity. Exchange on London and Paris held firm.

Money and Credit

Call money remained at 6 per cent despite government withdrawals from the banks in the amount of \$10,000,000. With the easier condition in the call money market, money brokers reported that borrowers were holding off in making loans in the hope that lower rates for longer term accommodations might be arranged. The supply of call money is being augmented by stock brokers who have surplus funds and are lending it on call.

Yester- Year

On money collateral, day ago. On industrial collateral, 6 1/2. Six months (mixed collateral): 8 1/2. Six months (industrial): 8 1/2. Four months (industrial): 8 1/2. Four to six months: 8 1/2. Bank Clearings—Bank clearings in New York yesterday were: Exchanges, \$849,742,406; balances, \$56,628,506. Sterling—London, 59 1/2. New York, \$102, Mexico, dollars, 78 1/2. Reserve credit balance, \$50,738,647. Canadian Exchange—New York funds in Montreal, \$120,624 premium per \$1,000. Montreal funds in New York, \$107,644 discount per \$1,000.

The Dollar in Foreign Exchange

Francs and lire were firm yesterday, but the feature of the exchange market was the action of the Central European currencies. Marks touched 2.80 cents, and closed at 2.80. Czechoslovak checks were also strong. Yesterday's closing rates, compared with those of a week ago, follow: (Quoted dollars to the pound) Sterling, demand, \$3.8475-3.8125. Sterling, cables, \$3.8550-3.8200. Sterling, sixty days, \$3.8025-3.77125. Sterling, ninety days, \$3.7875-3.7500. (Quoted units to the dollar) France, checks, \$13.02-13.86. France, cables, \$13.00-13.84. Belgium, francs, checks, \$12.82-13.84. Belgium, francs, cables, \$12.80-13.85. Lire, checks, \$17.62-19.90. Lire, cables, \$17.60-19.88. Swiss, francs, checks, \$5.64-5.69. Swiss, francs, cables, \$5.64-5.67. (Quoted cents to the unit) Guilders, checks, \$6.30-36.25. Guilders, cables, \$6.30-36.25. Austrian, checks, \$5.47-52.34. Austrian, cables, \$5.48-48.19. Sweden, checks, \$21.00-20.93. Sweden, cables, \$21.00-20.93. Denmark, checks, \$16.25-16.46. Denmark, cables, \$16.35-16.56. Norway, cables, \$17.95-18.55. Pesetas, checks, \$16.56-16.72. Pesetas, cables, \$16.62-16.80. Greece, checks, \$11.60-11.35. Greece, cables, \$11.55-11.40. Manila, checks, \$49.25-49.25. Manila, cables, \$49.00-49.50. India, rupees, checks, \$41.50-41.00. Japan, yen, cables, \$60.50-59.25. Argentina, checks, \$104.30-103.90. Argentina, cables, \$103.80-103.40. Brazil, Rio, checks, \$23.125-26.75. Brazil, Rio, cables, \$23.00-26.75. Marks, checks, \$2.78-2.08. Marks, cables, \$2.79-2.09. Czechoslovakia, checks, \$2.31-1.70. Czechoslovakia, cables, \$2.31-1.70.

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Summary of Stock Exchange Dealings

Table with columns: Railroad stocks, Other stocks, All stocks, U. S. government bonds, Railroad bonds, Other bonds, All bonds. Includes sub-tables for Yesterday, before, and Year ago.

Table with columns: High, Low, Div. 1920, 1919, Rate. Lists various stocks like Advance Rumely, Alaska, All-American Cable, etc.

Table with columns: Sales, Open, High, Low, Close, Chgs, Bid, Ask. Lists various stocks like Advance Rumely, Alaska, All-American Cable, etc.

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Record of Stock and Bond Averages

Table with columns: Stocks, Bonds, Range, High, Low. Lists various stock and bond averages.

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In Wall Street

A Shock to the Buyer A man in Oregon who felt that Liberty bonds were on the bargain counter last week telegraphed a leading New York distributing house to purchase \$10,000 worth for his account.

The causes of variations in the financial world are often imperceptible and are to be explained by psychology rather than mathematics. After the protracted days of gloom in the Street, a slight brightening of the district yesterday. Stocks recovered part of their losses; a substantial improvement in tone was reported in the bond market; the country banks went forward with their acceptances; and the foreign exchanges, which have been strong for a fortnight, moved up unusually sharply.

Standard Oil of New Jersey common stock, which in last week's decline made a new low since its introduction to trading on the Stock Exchange, yesterday advanced from 65 1/2 to 70 1/2 and closed 71 1/2, up 5 1/2 from a net gain of 50 points. Previous to being listed on the "big board" the stock sold around the 900 level, but since that time there has been a steady decline and liquidation in the issue. Yesterday's sharp upturn was considered as an indication in some quarters that the selling movement has about run its course. Any movement made yesterday that the company has just made a contract to supply a part of the fuel requirements of the International Mercantile Marine Company over a two-year period. The Olympic, the largest of the I. M. M.'s fleet, has been changed into an oil burner and will use about 25,000 tons for each trip across the Atlantic. The Standard Oil Company's care of the bunkering on this side of the ocean and the Anglo-American Oil Company, a former Standard Oil subsidiary, it expected, will take care of the bunkering in England.

Ticker Tape Scarce The ban has been placed on the prodigal use of ticker tape in brokerage offices by the New York Quotation Company. It announces that it is faced with the difficulty of obtaining a sufficient quantity of ticker tape under conditions in the paper market. It has been a custom in the Street on occasions of great jubilation for brokers and their employees to give vent to their enthusiasm by running a stream of tape from their windows. Efforts are now being made to put a stop to this unnecessary waste by the quotation company, which has passed the following resolution: "Resolved, That the company's subscribers be requested to be careful in the use of ticker tape with the end in view that all tape run from windows be collected and returned to the company every eight rolls a week for each stock ticker and four rolls a week for each bond ticker; an ample supply for the business market. Any ticker tape used in excess of the above requirements will be charged for."

To Consider Equipment Fund A meeting of the member roads of the Association of Railway Executives is scheduled to take place on Friday afternoon in Washington to consider in detail what use shall be made of the \$125,000,000 which is to be reserved from the \$300,000,000 government lending fund for the purchase of equipment for the railroad. The committee that the railway executives will give their views on the proposal of the Interstate Commerce Commission involving the trust in capital of \$100,000,000 of which it is suggested that the carrier companies subscribe 25 per cent, the remaining 75 per cent to be furnished by the government. A trust standing committee of the railway executives' organization will also meet in Washington Friday.

Extensive Covering Movement The covering movement in yesterday's stock market was carried right throughout the entire list well above Monday's closing levels centered in the morning largely in the oils, but by afternoon it had extended to the steel, equipment and railroad stocks. An important wire house, which has been consistently bearish on the market for several months past, was reported to have bought 25,000 shares of United States Steel common. The greater part of this buying was understood to have been for customers short of the stock. In the oil market, it was stated that pool buying was again in evidence. Reports involving Pan-American Petroleum were that directors at their next meeting would declare a stock dividend of \$2.00 per share, which would result in an increase in the cash distribution.

Chicago, Rock Island & Pacific Undoubtedly the most talked of railroad stock in the Street these days is Rock Island. Brokerage houses in their market gossip see nothing but good ahead for this property. They point out that the stock is at a price of 209 per cent projected for Western roads, the Rock Island will be placed in a position where it will show satisfactory net earnings. The average dividend would enable it not only to earn full dividends on the 7 per cent and 6 per cent preferred stock, but a very substantial dividend for the common. In the four months ended with April 30, 1919, the net earnings of the company were \$2,000,000, an increase of 29.2 per cent over the corresponding period of 1918. One of the significant developments in connection with Rock Island is that some of its Southern and Southwestern lines, which were formerly a drag on the system, are now making relatively the best showing.

Holland Buys Steel Rails The colonial department of the Netherlands government, through its New York representative, has placed an order for 17,000 tons of steel rails for delivery to the Dutch East Indies. The order, which was placed yesterday for an additional \$1,000,000, will be placed by the same buyer before the close of the year. Holland is finding it profitable to develop the transportation system of the colony owing to the exceptional prosperity of various lines of trade. High prices are being realized for sugar, tobacco, hides and other export products.

Penn Railroad Stockholders On May 21 the Pennsylvania Railroad had 123,577 stockholders, an increase of 18,513 over the corresponding period of the year ago. The average holding of the 9,985,314 shares outstanding amounts to 80.610 shares, a slight decrease. On the first of the month 80.12 shares were held by each of the 123,577 stockholders. The largest number of shareholders is in Pennsylvania, where a total of 59,871 is reported. New York has 20,235, Ohio 15,100, and Pennsylvania 1,556, a decrease of 193 compared with May 1, 1919.

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