

Trade and Finance

Developments of the Week and Their Bearing on the Outlook

Wall Street is once more enjoying the thrills of a rising stock market. The gloom of a few weeks ago has given way to more or less optimism and there exists a general feeling of confidence in the ability of stocks to advance into still higher ground.

It was a bad week for the skeptics. The gullible ones, on the other hand, cashed in on the rise in stocks. One of the unexpected things about the movement on the board was that they followed schedule.

As a result of the week's development, the complexion of the market has undergone a marked change. Professional traders continue to be an active factor in shaping the course of prices, having lately switched from the bear to the bull side.

There are many competent financial observers who will tell you that the recovery now taking place in stocks is in anticipation of impending improvement in business. The stock market, as every one knows, has a way of discounting things that are below the horizon.

The more reasonable explanation for the better tone displayed by securities seems to be that in the recent decline they had discounted about the worst that could happen at this time and, having been completely liquidated and sold to a standstill, were in a position to respond to a temporary relaxation in money at this center.

It is hoped that those who have the welfare of the market at heart will discourage speculative excesses. Wild speculations such as occurred in Houston Oil last week are out of order and if persisted in will only work harm to the rest of the market.

Searching around in an effort to find a suitable explanation for the turn for the better one Wall Street man observed: "If a speculator could look into the confidential ledgers of some of the great banks and their security adjusters, he might perhaps uncover interesting records of accumulation of both stocks and bonds during the period in which the part of the public which makes up so large a portion of the trading community has been almost exclusively engaged in the perplexing problems of financing its regular business engagements.

Notation of Armour & Co. notes went quickly. The attitude toward foreign bonds seemed clearly more friendly and both the Swiss temporary certificates and those issued in connection with the recent Belgian operation sold at a premium on the curb.

The bank statements at the close of last week showed little alteration in the banking situation. Although they revealed slight expansion by member banks, the increase in redcounts was not large enough to be especially significant.

Railroads Hauling More Traffic Now Than Last Year

The railroads of the country are hauling considerably more traffic this year than last, despite the increasing car shortage. The shortage is caused, according to the Association of Railway Executives in its issue for today of "American Railroads," not by the failure of the roads to increase their capacity, but by the inability to increase that capacity rapidly enough to match the greater changes in the production and distribution of commodities.

During the period from March 31 to June 30 the principal railroads moved 8,264,485 carloads of freight, compared with 7,708,927 carloads during the corresponding weeks of 1919. In the week ended June 12 the number of carloads of freight was 754,857, against 726,175 for the week ended June 12, 1919, an increase of nearly 29,000 carloads.

With respect to coal, concerning which there has been apprehension of a serious shortage from January 1 to June 12 the railroads transported 39,000,000 tons more than they did in the corresponding period of 1919.

The volume of transportation which the railroads engaged in for the moment, says "American Railroads," is therefore measured practically by the existing number of cars multiplied by the number of miles which these cars can be made to travel each day.

"This total volume of transportation capacity cannot be made equal to the full capacity of existing facilities because their effectiveness has been decreased in the following ways: "1. From a date considerably prior to our declaration of war on April 6, 1917, it has been impossible to make normal maintenance of cars and locomotives and normal retirements of old cars and locomotives.

"It has been impossible to give to cars and locomotives that degree of repair and overhauling which is essential to first class conditions. "3. It is impossible with the present facilities for the repair and reconstruction of equipment, and the present output of labor engaged in that repair, to remedy this situation rapidly.

"In addition to the effects of strikes there came about a dislocation or a mallocation of the cars of the country in relation to the traffic which those cars are intended to transport.

"The correction of this condition was the purpose of Service Orders Nos. 2 and 3, recently issued by the Interstate Commerce Commission. The railroads have carried out these orders and have moved 20,000 box cars from the East to the West for loading of grain, and have moved 30,000 open top and coal cars from the West to the East in order to keep up the production of coal.

"The railroad companies themselves, without any orders of the Interstate Commerce Commission, are bending every energy to the repair of their roads wherever possible; to speeding up the repair of cars and locomotives; and to speeding up the movement of trains so as to increase the mileage of freight cars every day, and to expand the volume of transportation capacity available for the country.

"They have ordered the following equipment, which is being financed out of their own resources: Estimated Value as of May 5, 1920, \$91,587,400. Passenger 598, 17,850,000. Other passenger train equipment, 47, 940,000. Locomotives, 518, 33,670,000. Total value, \$144,057,400.

Week's Stock Transactions

Summary of Stock Exchange Dealings. Table with columns: Last week, Week before, Year ago, 1920, 1919, 1918. Rows include Railroad stocks, Other stocks, All stocks, U.S. government bonds, Railroad bonds, Other bonds, All bonds.

Record of Stock and Bond Averages

Table with columns: Last week, High, Low, Year ago, High, Low, 1920, 1919, 1918. Rows include 20 Railroads, 30 Industrials, 50 Stocks, 10 Railroads, 10 Industrials, 5 Stocks, 25 Bonds.

Table with columns: High, Date, Low, Date, Div. in %. Rows include Adams Express, Advance Rumely, do pf, Ajax Rubber, Alaska Gold Mines, etc.

Table with columns: Sales, High, Low, Close, Net change. Rows include Adams Express, Advance Rumely, do pf, Ajax Rubber, Alaska Gold Mines, etc.

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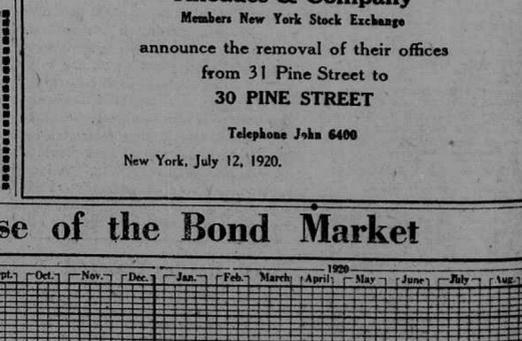
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Course of the Bond Market



This graph shows the weekly fluctuations in the average prices of ten railroad, ten industrial and five public utility bonds since April 30, 1919.

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