

The Trend in Finance

Speculators Continue to Bid Up Prices of Securities in Anticipation of Increased Trade Profits; Factors in Foreign Exchange

SPECULATORS last week again by their transactions at the market-places reaffirmed their faith that American corporations have ahead of them a period of heightened profits. Despite an attempt on Wednesday to test the capacity to react of the present market, the broad trend for the week was upward.

In the first year of the upward movement, which is about over, one of the mainstays of the spurt was easier money. Business recovery, actual and prospective, of course, added to the impulses leading to the purchase of speculative securities in anticipation of price enhancement. The drastic decline of commercial loans, which was of course the main factor in the credit easement, has at length come to a halt, and with the approach of fall crop movements and business expansion, a seasonal increase in loans may be expected.

In the first year of the upward surge in security quotations, after the great speculative collapse, which culminated in August, 1921, the shares of many corporations whose actual current earning power remained scant were eagerly bid up. There was no justification in immediate net profits for the maneuvers of speculators who were anticipating the future. In the months that lie ahead, more attention, it seems likely, will be given to such concrete facts as the current profit making ability of corporations and the prospects of increased dividends.

The moderate reaction in Liberty bonds of late as corporate fixed maturity obligations climbed higher has excited not a little curiosity. The setback was natural after the extraordinary upward leap of the government issues, whose rise was accelerated by the torrential flow of idle banking funds into them. The reaction to a slight degree probably represented a shifting by certain banks from Liberty bonds to sound corporate securities returning to a higher yield. The focusing of attention on bonus legislation, with the possibility of a new inflation which would inevitably depress bond values, has perhaps sentimentally contributed to the slight decline, which reflects also the anticipation of the market of a sizeable refunding operation by the United States Treasury.

Toward the close of the week Liberty bonds recovered some of their losses. Having just recovered from the influence of September 1 disbursements, the speculative money market is now confronted with another period of unsettlement incident to the government payments and the tax installment scheduled for the middle of this month. The effect of these quarterly government operations can never be exactly figured in advance, but recent experience has indicated that easement attendant upon the accumulation of funds at this center in anticipation of the turnover is at present normal. For this reason, the financial district looks for cheaper money for Stock Exchange purposes in the near future, emphasizing the trend that developed in call money toward the close of last week and probably involving the elimination of the recent advance of a quarter of 1 per cent in the rate for period loans. There are, however,

Transactions Last Week in Listed Stocks

Table with columns: High, Date, Low, Div., Sales, High, Low, Close, Net Change. Lists various stocks like Am Ship & Com, Am Smelt, Am Sugar, etc.

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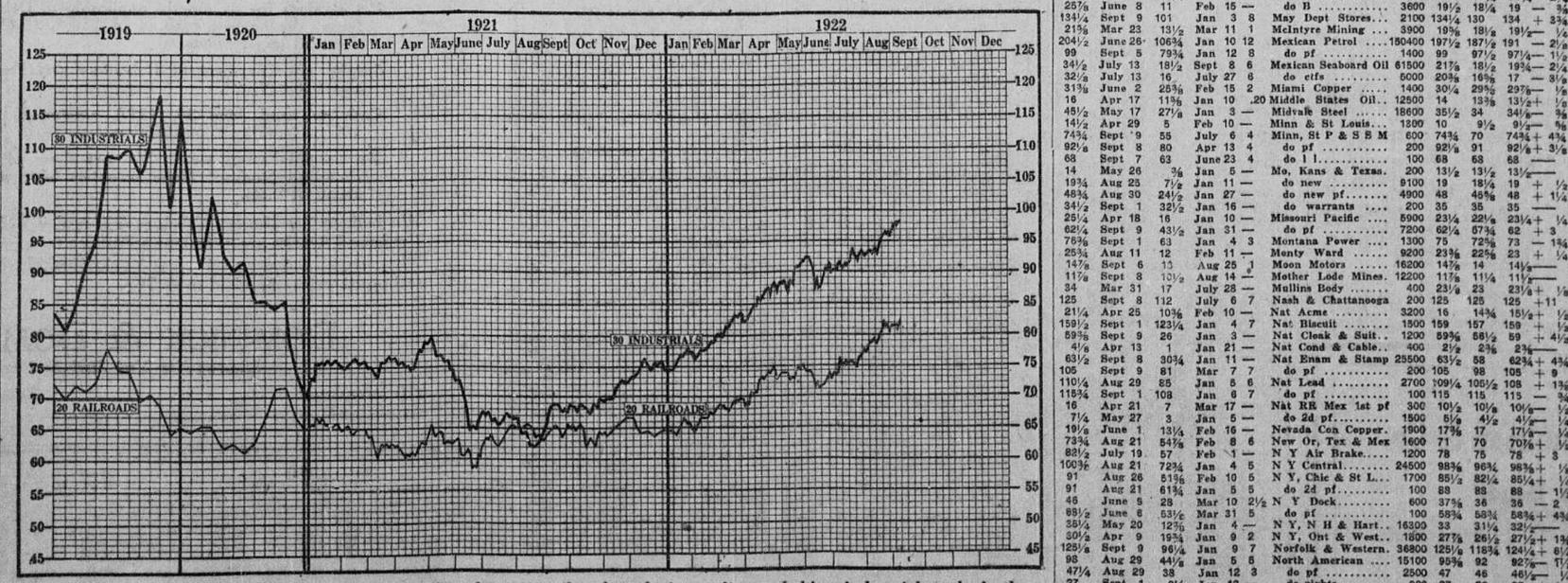
Summary of Stock Exchange Dealings

Table showing stock exchange dealings for various categories: Railroad stocks, Other stocks, All stocks, Bonds, U. S. government bonds, etc.

Record of Stock and Bond Averages

Table showing record of stock and bond averages for various categories: Stocks, Bonds, etc.

Price Trend of the New York Stock Market



The graph shows the fluctuations in the average price of twenty railroad stocks in one line and thirty industrial stocks in the other since January 1, 1919. Fluctuations during 1919 and 1920 are revealed by months, and since January, 1921, by weeks.

Advertisement for The National City Company, featuring 'Bonds Short Term Notes Acceptances' and 'OFFERINGS will be submitted on request.'

Advertisement for Standard Gas and Electric Company, mentioning 'net earnings of \$13,063,018' and '6% Gold Notes Due 1935'.

Advertisement for H. M. Byllesby and Co., located at 111 Broadway, New York, with branches in New Haven, Boston, and Providence.

Advertisement for United States Treasury Certificates and Notes, 'All Maturities', 'October 16, 1922 to September 15, 1926'.

Advertisement for Salomon Bros. & Hutzler, 'DISCOUNT HOUSE OF', '60 WALL ST. NEW YORK'.

Advertisement for Kirby Lumber, 'We Specialize in New York City Bonds, New York State Bonds, Federal Land Bank Farm Loan Bonds'.

Advertisement for Wm. C. Orton & Co., '54 Wall St., N.Y. Tel. Hanover 9690-9697'.

Advertisement for J.K. Rice, Jr. & Co. Buy & Sell, 'Am. Exchange Nat'l Bk., Bank of America, Continental Ins., Fidelity Phenix Ins., Niagara Ins.'

Advertisement for American Surety Company Stock, 'CLINTON GILBERT'.

Advertisement for Kidder, Peabody & Co., '18 Broad St., 115 Devonshire St., 45 East 42nd St., 219 Berkeley St., NEW YORK, BOSTON'.

Advertisement for Government Bonds, Investment Securities, Foreign Exchange, Letters of Credit, 'Correspondents of Baring Brothers & Co., Ltd. LONDON'.

Advertisement for Bonds to Yield 4% to 7%, 'The various types of bonds recommended by us should enable conservative investors to make selections to conform with their preferences and to obtain at the same time a return averaging a liberal rate of income on their total invested capital.'

Advertisement for J.K. Rice, Jr. & Co. Buy & Sell, listing various financial services and products.

Advertisement for National Bank of South Africa, '23 Branches in South America, One Branch in Mexico, 10 Offices in Spain, France and England'.

Advertisement for American Pr. & Lt. Kiely & Horton, '40 Wall St. New York, Phone JOHN 6330-4101'.

Advertisement for Weekly Stock Letter, 'Sent upon request for T.R. 17, Josephthal & Co., 120 Broadway, New York'.

Advertisement for The Week in Retrospect, 'MONDAY—Crissinger announces resources of national banks increased \$29,000,000 in June. WEDNESDAY—Unofficial plans for revamping capitalization of Gulf Oil announced. THURSDAY—Tobacco Products reported planning to make special distribution of United Retail subsidiaries' securities. Friday—Railroad earnings held up well in July despite strike, figures show. Important crops will be worth \$1,250,000,000 more than last year's, is estimate.'

Advertisement for Japanese Plan National Chamber of Commerce, 'TOKYO, Aug. 10 (By Mail).—A movement has been started for the organization of the Chamber of Commerce of Japan after the example of the Chamber of Commerce of the United States. The proposed organization has in view, according to Toyoyi Wada, one of the inauguration committee members, the unification of the commercial and industrial activity nationally and internationally and the promotion of the business men's welfare. The new organization will thus include almost all the commercial and industrial societies and associations, clubs and leagues throughout the Empire. The movement is supported by the government authorities and financial concerns, such as the Mitsui and Iwasaki.'