

FINANCIAL NEWS

RAID COMMENT

Selling Pressure on Stock Market Slows Down Noticeably, Except on Steel.

LITTLE REAL LIQUIDATION

Although Prices Generally Drop Below Wednesday's Final, List Does Well.

There was a considerable slowing down in the selling pressure on the Stock Exchange yesterday, although the bear contingent continued active in certain directions, mainly in the steel shares. The object of this attack, which was successful, was to break Steel common through par for the moment. The effect of this raid was to bring about a temporary drop in the specialties and miscellaneous shares, which were the main center of attraction for the short sellers on Wednesday. However, the market seems to have been sold to a standstill in consequence of the pressure of the last few days and, while the shorts were able to make some progress in the high price issues again, it was evident in the case of the majority of stocks that very little real liquidation was occurring. But with money still loaning around 20 per cent, after renewing at a new high figure, it was of course out of the question to expect much rally.

The slowing down in the volume of business was to some extent due to the snowstorm, which crippled the wire service to Wall Street. But this was not the main reason for the contraction of business for, notwithstanding the statements made in certain quarters recently that most of the selling has come from the West, the action of the market yesterday pretty definitely established the fact that the main part of it came from Wall Street. The selling stopped yesterday, undoubtedly, because it came as a conservative thought it ought to go, and for the additional reason that the market did not have to contend with the demoralized conditions which have prevailed in the foreign exchange market up to yesterday. The later market quieted down considerably and rallied. The possibility of an agreement on the railroad bill also tended to improve sentiment, if it could be said that sentiment had improved yesterday, but it was unreasonable to expect the market to rally so long as conditions in the money market remain as they are. It was practically impossible to get time money at any figure, and as for call money the fact that renewals were made at 17 per cent, ought to have furnished enough evidence that the money market is not so tight as Wall Street would like it to be.

Oil Industry

1919 Review

This 8-page review contains complete statistics for the year 1919 of the Oil Industry in the United States and Mexico. It embodies Field Operations, Refining, Exports, Mexican Shipments, Pipeline Traffic and Crude Movement.

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NEW YORK STOCK EXCHANGE PRICES.

Thursday, February 5, 1920.

Table of stock prices for various companies including 4000 Adams Express, 1200 Advance Rummy, 900 Advance Rummy pf., etc.

GOSSIP OF WALL STREET

Steel Dips Far

For the first time this year, and for the first time in almost two years, the market's leader, United States Steel common, broke par yesterday afternoon and sold at 97 1/2. This has been the objective of the bears. Through the long day, the market was a study in contradictions every day, and at most times maintained a firm undertone. It has become almost a fetish in Wall Street that "as goes Steel, so goes the market."

Money Continues High

Money rates continued yesterday abnormal without slackening of the demand at this center. The opening renewal rate for call funds on the New York Stock Exchange was 17 per cent, from which it ran up to 20 per cent, at which it closed. Time money is unobtainable for considerable sums have been rejected. The only change in the Federal Reserve Bank was in the Minneapolis district, where the rediscount rate on commercial paper was increased.

Shipping Stocks Weak

Taken as a whole the shipping stocks declined yesterday less resistance than did any other group, and since the first of the week have established some very wide losses. Back of the decline is the wholesale cancellation of shipping contracts by exporters who have withdrawn from commerce because of the demoralized condition of foreign exchange. International Mercantile Marine has borne the brunt of the decline in the East, and its preferred an additional 3 point loss to the total yesterday. Atlantic Gulf and Fruit appeared to be under the pressure of continued liquidation yesterday.

A Battle in Finance

Wall Street is whispering around a story that a tremendous battle in finance is going on behind the scenes. One side are arrayed three old line financiers, who are the backbone of the market. On the other side is a clique of younger banks and trust companies and a crowd of new crop financiers who have been particularly successful in motors and munitions.

Exchange as a Market Factor

There are here and there a few students of the market who believe that the decline in foreign exchange, as a market factor, is being considerably overplayed. "It is to be recalled," one of them wrote recently, "that the foreign exchange rate from above 4 1/2 to under 3 1/2 from February to November last year while stocks were advancing from 10 to 100 points. Occasionally, when traders wished to cover stocks or to buy the market, they were forced to exchange over-extended, as it is being played up now. While we do not for a moment believe that the exchange situation can be ignored, we feel that big traders are making the fullest use of an unpleasant situation for buying purposes."

Wire Troubles

Despite the storm that raged throughout the country, outsiders had considerably less trouble in maintaining communication with the market yesterday than did New Yorkers. Although the telephone service was somewhat restricted, it was reported that all wires were intact and that a normal business was being handled. A house which does a large business between New York and Chicago on a private wire lost the wire during the morning, but got its communication reestablished by telephone. But those in New York who tried to keep in touch with the market by telephone had greater difficulty. Melting snow enveloped cable conduits in some sections of Wall Street, and while the services were entirely disconnected in some of the largest buildings of the district, housing many brokerage offices. These troubles were repaired after the market had closed by a gang of trouble shooters. Normal wire service is promised to-day.

Margins

There appears to be considerable difference of opinion in Wall Street as to whether the current crack in the market has brought out the usual crop of margin calls. The consensus of opinion is that there has not and that comparatively few have gone outside of the Wall Street district. An official of a conservative house declared yesterday that to his knowledge the margin calls necessary this time have been extremely light. "It will be found," he declared, "that the representative commission houses are carrying stocks for customers on a margin which will run from 25 to 40 per cent. This has afforded ample protection in this market." Of course, this does not apply to the swarm of bucket shops playing their business in the Wall Street district, whose policy is always to work the customer's margin down to such a thin point that even the slightest crack in prices carries him under and necessitates more margin or a forced sale at the market. The usual large sized stock of calls has gone out from them.

Liberty Bond Values

In giving instructions yesterday that bank examiners need not mark down Liberty bonds carrying a high percentage to figures below their face value, the purchase price of the Comptroller of the Currency made some interesting remarks about the bonds, which have sustained a drastic decline in the last week. He declared that the bonds already have been distributed widely to investors and digested and that "in the opinion of well informed students of the situation Liberty bonds should not be sold at a discount and Victory notes will command not only their par value, but probably a considerable premium. On November 17, 1919, the amount of Liberty bonds issued in excess of ordinary living expenses probably amounts to more than \$10,000,000 per annum, and less than one-tenth of this estimated surplus investment should not be long before Liberty bonds in twelve months all investments in Liberty bonds."

BONDS IN NEW YORK STOCK EXCHANGE.

Thursday, February 5, 1920.

Table of bond prices including 1920 U.S. Gov. 4 1/2% (1920-47), 1919 U.S. Gov. 4 1/2% (1920-35), etc.

Atlantic Coast Line

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