

INVESTMENT VIEWS AND THE OUTLOOK

Conservatism Is Keenote of Market Letters Issued by Brokerage Houses.

SOME ARE MOST BULLISH

None Is of Decidedly Bearish Complexion and Nearly All Predict Rises.

Conservatism is the keynote of a large number of the weekly market letters sent out last week by brokerage houses to their customers. A few are downright bullish, but the majority counsel purchases for moderate turns only. Nowhere, however, is there any evidence of a decidedly bearish attitude toward the market, nearly all expressing the opinion that the present market is most certain to continue upward, moderately at least.

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There probably never was a time when so much money was being so widely spent in the stock market as at a permanent level, practically without cost, as the money would otherwise in many concerns be paid out in Government tax. All this adds to the prospect of a somewhat changed attitude of the public. People bought stocks at first for a turn and sold out at a profit, but the market kept advancing and to get in again they were compelled to pay higher prices. Sales again resumed as holders until buyers are holding for long profits, convinced that many securities are still selling below the value which future great prosperity will justify.

Block, Maloney & Co. say: "An irregular stock market is likely to continue for a few days, when the market will be shipping and copper issues are popular with traders because of their excellent possibilities. The possibility of a rise in overseas shipping while it looks ominous, is regarded as remote because of the disastrous consequences to the public, which is hardly likely to put up with the suffering which would be involved. As for copper, it is leading the way, with steel, in the revival of general industry and we have only seen a beginning of the movement, which will be broad and far reaching. Allowing for a check to trading because of scarcity of money for stock operations, there are chances for some moderate turns. Be very conservative in purchases and have good margins. For the further future we are bullish and in due time the money situation will adjust itself."

More Public Investing Coming. Odd Lot Review says: "With a good many people who can never see any top to any market, the speculative issues will undoubtedly continue to monopolize attention, but from now on public interest in the more purely investment issues is likely steadily to increase. There is, in the first place, all this money which has been made in the market, a good part of which is now beginning to be 'sifted away' in the kind of stocks referred to. There is, in the second place, the great change in view of place, the new financing which is to be all the new financing which is to be done, and of the way in which this financing would be facilitated by such a development, the old investment issues will be taken in hand and put up to a price where they will not compete with the new securities which are being offered. Income, furthermore, while it is the main consideration, is not the only consideration drawing attention to the attractiveness of some of these and out investment issues. There exists, as well, the chance of considerable price appreciation. Any number of these stocks paying \$7 a share are selling between \$4 and \$8, where the yield is, roughly, 8 1/2 per cent. A 6 per cent yield for these stocks would mean a price of around \$11. If, then, as a good many people expect, they move up to a point where the yield is around 5 per cent, it means a ten point rise in price."

Anderson, Burns & Co. say: "The steel business of the country appears to be picking up and predictions have been made that copper will sell at 22 cents a pound before September. The news is also favorable regarding other commodities. From now on we will have reports of industrial companies showing their earnings for the first half of this year. These statements may prove more optimistic than we have been led to believe and, if so, should have a healthy effect on the general list. Of course with every rise the market will become more vulnerable and reactions more frequent. But those who keep their accounts in good shape need not worry. They will be in a position to purchase good stocks on any decline."

Foreign Trade to Expand. Halle & Stiglitz say: "Commerce with Germany is being revived. A steamship line between Philadelphia and Hamburg will soon be in operation, and the National City Bank is reported to have two branch banks in Germany ready to begin business. All this means the expansion of our foreign trade and helps along the getting back to normal of American industries. The steel trade is coming along in such splendid shape and the big companies are in such splendid financial shape that we feel reasonably certain that the good steel issues must go higher, perhaps considerably higher."

The money rate question as a market factor has again subsided for the time being, while the bank statement should show improvement over last week. E. W. Wagner & Co. say: "Our bankers have spoken rather plainly, and it is not good business to carry large lines of securities on record when there is already evidence of credit loan expansion, and more particularly when we face a necessary financing and of stupendous amount. Those espousing the constructive position in the stock market face sporadic furies in call money consequent upon the calling of loans. It would seem, therefore, our judgment for those who hold securities on credit to prepare themselves for increased margin calls with the view in mind to the averaging of purchases. The opportunity presents itself. The trade situation has improved materially within the week. The Steel Corporation unfilled tonnage statement shows an increase for the first time since last October, and business is flowing into the steel concerns at a record rate."

Wagner & Co. say: "The action of the stock market during the past week has given more encouragement to those committed to the bull side than to the bearish. In the face of the upward swings there were no obstacles to overcome, whereas during the period under review the market was called upon to pass through a series of reverses. In the temporary halting effect upon speculation and investment. Despite the fact that some of the professional speculators have expressed as opposed to the trend of the market, we must continue bullish because the public is still in control and is showing no signs of faltering in its attitude. Stocks are being purchased by those who have made fortunes in the past and this great buying power is making itself felt each time the market advances."

Wynn Bros. & Co. say: "Call money rates continue to rule at restrictive levels, and in spite of the fact that the stock market has become so accustomed to these rates as to be rather indifferent to them, their significance is as previously defined, and their influence is being felt by the public. The demand for stocks remains excellent, but the underlying situation is becoming somewhat less bullish. Sterling exchange has dropped to a substantial level, reflecting the growing difficulty which Europe is experiencing in her efforts to pay for our net merchandise exports, and indicating that credit to foreign peoples is immediate and pressing if we are to maintain the great volume of our export trade. They call for a very great prosperity for at least a number of years. Prices of industrials are reflecting also accumulation of profits made during the war, which have many stocks into the extra and financial class by reason of debts cleared away and large surpluses built up. Then, too, it is to be considered in looking at reports of current earnings and on account of the excess profit tax it is adjudged by corporations and other business concerns to be good policy to charge out every cent of current earnings in the legitimate debt-to-use current profits in fortifying the business position in every possible way; for instance, in building up good will through advertising, etc., etc."

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BONDS IN THE STOCK EXCHANGE. Week Ended July 12, 1919.

Table with columns for Sales for week, 1919, 1918, 1917, and various bond categories like U.S. Gov. Bonds, Municipal Bonds, etc.

NEW ISSUE \$17,500,000 The Steel & Tube Company of America 7% Cumulative Preferred Stock. Includes details on dividends, sinking fund, and net earnings.

BONDS IN STOCK EXCHANGE. The American Exchange National Bank. Now announces the opening of a TRUST DEPARTMENT. Includes details on services and contact information.