Editorial AS WE SEE IT

In his recent address before a joint session of Congress the President of Pakistan took occasion to make a plea for economic aid from the United States (we had almost said beg alms). What he had to say on the subject is of special interest because it well expresses the arguments advanced by so many countries at the present moment—expresses them more directly and more explicitly than is usual. Here is in part what he had to say on the subject, according to the daily press:

"Today, we want you to assist us to develop. We need foreign capital, we need machine tools, we need machinery, we need this and we need that. You might say that we heard this before, too. You are getting a bit tired of the story."

"I would suggest to you that you had better not get tired at this point.

"I sometimes read American papers and one impression one gets is this—that foreign aid is a thing that is a real whipping horse—it gets wet and hard."

"I can understand the reason: it is a slogan which does not catch votes; it has no particular lobby; we fellows live a long way off, and so on and so forth. And it is not easy, really to part with your money in a hurry. It is not a pleasant thing to do.

"But I may put it to you like this: that we are pressing against you today as friends, and if we make good I think you will in some fashion get it back, in many ways you will get it back.

"If we do not make good and if, heaven forbid, we go under communism, then we shall still press against you but not as friends."

In Different Words

Put all this in somewhat different words and we have a statement that if we are to defend ourselves successfully against the spread of communism (more accurately, according to our view, defend ourselves against the imperialism of the Kremlin, or possibly of Peiping) we must extend a liberal hand to those who (Continued on page 19)

Influences Likely to Shape the Business Trend in Current Decade

By Paul I. Wren,* Executive Vice-President, Old Colony Trust Co., Boston, Mass.; former Assistant Secretary of the Treasury

A leading Boston trustman surveys principal problems bound to influence the 1960's business environment. In so doing, he alerts trust committees to be prepared for the effects of: new orthodoxies of the present Administration; misallocations in fiscal policies and statutory surplus-deficit predictions; greater Federal spending; balance of payments disciplines exerting even a restraint over assumed Government fiscal and monetary experiments; the new "begging" policy wherein the Fed may find itself in a dilemma; severe tests facing corporate managers; and foreign investments.

The present position of business reminds me of one of the major crises that face a family at least once each generation. The young man of the family at a tender age is all dressed up in his finest suit, and his parents are bursting with pride at their progeny. His assignment is to walk out on the stage and deliver an oration. As he steps out, full of enthusiasm (just as business was at the beginning of 1960), he falls flat on his face.

The next scene is one where the family has changed doctors and has the young man in the hands of new experts. In general they consider that the old principles were too restrictive and definitely were too old-fashioned. The psychiatrists are convinced that the boy has not grown as rapidly as he should have. While each of the experts urges his pet remedy, they all agree that the former team of surgeons and consultant did not see the "big picture."

Turning away from the whimsical, all of our institutions have to be agile to adjust their thinking—new orthodoxies which is being molded by the individuals who have moved into Washington since January. These individuals are drawn from university campuses and many are not restricted in their thinking by the practical side of many programs. Recent speeches of most of the officials appointed by this Administration have indicated that the target, with top priority, is an economy that grows steadily and rapidly. The second, which goes hand-in-hand, is full employment or at least a level of unemployment below 4% of the working force. The existence and size of the deficits in the budget of the Federal Government are of secondary importance to these goals.

A recent analysis of the budget by Secretary Dillon showed that in the fiscal year ended 12 days ago, revenues of the Federal Government were around $78.2 billion including 1/2 billion advance payment of the present debt by the Germans. This prepayment had not been anticipated in the original figures submitted in January, 1960, when total receipts (adjusted to new bookkeeping procedures) were estimated at $82.9 billion. This decline in revenues was caused by the failure of Congress to enact legislation to increase certain taxes and postal rates, as well as the side effects of the decline in business during the first year of the Sixties.

In perspective it is interesting to note that the decline in revenues from the previous fiscal year of 1959 is actually less than during the 1957-1958 setback in business. The stumbling block is that revenue failed to increase to the advanced levels hoped for in the budget. Turning to actual revenues by fiscal years, the net receipts of $70.0 billion in 1959 dropped to $67.9 billion in 1958; $67.9 billion in the following year and to $67.9 billion in 1959, a decline of 2% for the 3-year period. Using the Secretary's figures, the total for 1961 was about 77.7 billion (not allowing (Continued on page 14)
The Security I Like Best...

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

CHARLES L. BETTELHEIMER
Analyze, Stern Brothers & Co., Kansas City, Missouri
Member American Stock Exchange
Russell Stover Candies, Inc.

In my last article for this forum (Dec. 1, 1960), I recommended the common stock of Russell Stover Candies. While the stock has since doubled in value, earnings for the current year will far exceed expectations and the company continues to be a good candidate for a long-term capital appreciation.

Russell Stover Candies was founded in 1923 and has grown to be the largest producer of chocolates. In the United States, the company had factories located in Kansas City, Missouri; Lincoln, Nebraska; and Denver, Colorado. Most of the company’s candies are then sold to wholesalers who are all coated and sold in boxes or packaged form.

The candy is shipped from the plants by refrigerated trucks to stores and distributors in the four main distribution centers located throughout the country. The distribution is extremely seasonal, with approximately 40% of the candy done during the Christmas season. Other sales are made to retail stores, out-of-town stores, as well as for Valentine’s Day, Mother’s Day, and Father’s Day, and other holidays. Through utilization of large storage facilities, the company is able to build up its inventory for the peak sales periods and maintain a fairly constant rate of year-round production.

Stover distributes its products through 61 warehouse locations in 29 cities and approximately 2,600 agency accounts with drug and varied stores in all 50 states. Twenty of the department stores which carry Stover’s candy maintain agency accounts in the company’s Candy department.

Quantum order sales are also made to business firms and other organizations.

Until last year, Russell Stover Candies was operated by 12 partnerships with a total of 26 partners, some of whom were members of two or three of the partnerships. Under this type of operation, Stover had several drawbacks: (1) the partnerships are small and have little financial backing; (2) the partners own insufficient numbers; (3) the earnings from a partnership is a function of the growth; (4) the high income tax rates to which the individual partners were subject obviously affected their incentive to increase earnings; and (5) by operating as a partnership, Stover was able to postpone the payment of taxes. This led to an overall undervaluation of the company’s assets.

In May, the business and principal assets of the three partnerships were purchased by Russell Stover Candies, Inc. The purchase agreement provided that the new corporation is composed of $2,800,000 of senior bonds with warrants to purchase 50,000 shares of common stock; $2,500,000 subordin-
ated notes convertible into 250,000 shares of common stock; 200,000 shares of common stock (publicly held); and 400,000 shares of restricted common stock.

The common stock of the new company is equal to the stock in all respects, including dividends. The restricted common cannot be sold before a period of one year after the month period beginning on Feb. 1 until 65 cents a share has been paid on the common stock; then each share of restricted common may receive one-half the dividends paid on a share of common stock in any year. The restricted common is convertible into common stock share at the rate of 25% per share beginning in 1965.

Sales have received a new high in each of the last 20 years and earnings have been an upward trend. As of March 31, 1960, the nine months ended April 30, 1961, the company’s sales were $18,271,000, an increase of 3% over the year earlier period. Net earnings for the first nine months were $1,153,000 or $1.92 a share on the 500,000 shares of combined common stock outstanding, an increase of 5% over the $742,000 or $1.24 (adjusted to the corporate form) earned the same period last year. Earnings per share in the year prior to the purchase increase in earnings over the prior year period was largely due to lower cost of sales and economies in combination of certain areas of duplication which existed under the partnership form of operation and of higher sales. As a result, the company is able to maintain a more aggressive sales program and reduce the openings of more agency accounts.

Candy sales in the fourth quarter of the year were down somewhat, the poorest performance of the year at any rate and normally a very small loss. This was the year the company expects to do as well, if not better, than the $16,000 loss recorded last year.

The financial position of the company is sound. As of May 31, 1961, working capital amounted to $4,307,000, an increase of $570,000 over the year prior, and the current ratio was 2.7 to 1.

It appears that Stover will continue to increase at a rate, the next few years the company’s plans for expanding its market. During the last four months alone over 200 new agency accounts were added. The company expects to add seven or eight retail stores in this calendar year bringing the total to about 70. The benefits from the new outlets will not be fully realized until this fall.

The more aggressive sales program combined with the improved cost control system already evident in current earnings should reflect in a continued upward trend in sales and net earnings for the current fiscal year ended Aug. 31, 1961, the company expects earnings from $1.30 to $1.40 a share on sales of approximately $23,000,000.

In conclusion, I recommend the common stock of Russell Stover Candies for long-term capital appreciation and a reasonable current income. The stock is currently trading in the Over-The-Counter market and pays 65 cents per share.

This week’s forum participants and their selections:

Russell Stover Candies, Inc. Charles L. Bettelheimer, analyst, Stern Brothers & Co., Kansas City, Missouri
Stamatis Corp.—Lowell H. Hancock, analyst, Harbison & Benson, Los Angeles, Calif.

Lowell H. Hancock
Analyst, Harbison & Henderson
Los Angeles, Calif.

Stamatis Corp.

This company manufactures a camera that is so unique and has such a broad range of usefulness that it promises to revolutionize the field of Photo-Film reproduction in industry. A high quality camera and enlarger, and complete setup is able to equipped in a day room combined in one unit which allows the use of the room versatility, and is designed for producing hundreds of thousands of copies which demands a wider range of duplication services such as single copies of correspondence, photostats, copy-prints, copy-negatives and prints, screened images (from 35 to 150 lines), and high-quality halftone prints from color transparencies or negatives.

The camera will “Stop” or photograph any copy flat or three dimensioned, with paper or cloth colored, paper or film on any grade of paper, with half-tone separations, and inexpensively. Copies can be enlarged or reduced to any size in line or half-tones. In other words, this camera will perform the whole range of industry in just a few minutes at each fraction of the cost. The camera manufacturer estimates cost savings up to 80% and 90%.

The camera consists complete with lens, prism, fluorescent tube copy lite, statical key, emulsion tray, paper safe, paper cutter, excellent finish, and as electronic timer. The lens is an 18-inch Goerz Red Dot Artar; calculated scales make focusing unnecessary. The machine is simple and designed so that mechanics can operate one after a short period of instruction. The camera can be purchased in any room on the house current.

There are three basic models priced from $3,750 to $7,750 f.o.b. Hialeah, Fla. The units may be purchased three years.

(1) Outright sale for cash, or
(2) Under a lease plan, with the leasing company holding title to the camera, with the Stamatis Corp. receiving all full sales price,

(3) A conditional sale. The purchaser under this plan agrees to pay 10% of the purchase price plus the freight. If within a specific time he is dissatisfied with the camera’s performance, he may return the camera and be reimburse his 10% of the sale price, or one camera has been returned under this plan and in this case the purchaser decided on a larger unit.

After the purchaser agrees to keep the camera (under the conditional sale plan he may choose the lease plan or the outright sale based on the balance in cash).

Sales have been completed with such well-known companies as Lilly-Tulip Corp., CBS Television, among others.
Basic Structure of the Corporate Bond Market

By Daniel M. Kelly

Investment banker's primer on the corporate bond market stresses the constancy of change occurring in the various types of financing. It also notes the declining influence of long-term treasury bond prices as the capital market which is attributed to the difficulty in determining what constitutes a long-term government security. Mr. Kelly describes the trading media managing the corporate bond market and the various ways they commonly are brought out, refers to the virtual unimportance of the individual investor except in the "convertible" or "warrant" bond area which, also, appeals to the large investor who also, details the external and internal economic variables which affect price movements—particularly bank loans and the monetary authorities.

At one time all corporate issues had one thing in common, a price fluctuation; all were the obligations of private enterprise. And nowadays most bonds traded in the corporate market are, but an increase in number aren't. Those that still are, can be grouped into three main divisions: rails, public utilities and industries, each of which has certain distinct characteristics. Historically the rails come first but in point of market importance they are now last. For our purposes rails fall into the general category of equipment trust certificates, equipment trust certificates, and all other types of railroad obligations.

Equipment trust certificates are usually brought out in a typical form with maturities running for from one to 15 years, with a rule, with an original cash equity of 30%. Ordinarily they are non-callable prior to maturity, and generate pay-offs heavier than the degree of importance of the equipment concerned. So, theoretically, equipment trust certificates are, creditwise, supposed to be rated at the point the railroad can pay. The capital structure of the railroad concerned also colors the creditwise and influences the market quotations.

As a group enterprises have a high credit rating and satisfied market standing. Top rated names often show little more yield, maturity for maturity, than quasi-Governments. In the past they have sometimes sold even Stephen, yieldwise, with quasi- and even with Government's, and, occasionally, at even richer prices than straight Governments.

They are virtually the only corporate group which affords any supply of short and intermediate term maturities, as supply, however, which is, at best, quite limited. Like municipal bonds they are traded in bids, not dollar price, and their secondary market is apt to be slower moving than that of other prime corporate obligations.

Other railroad obligations have varying degrees of intrinsic influence. They can represent divisional lines, general mortgage, preferred, collateral trust bonds, debentures, income debentures, convertibles, or what have you running, creditwise, all the way from triple "A" to HOLY SMOKE.

All in all, there are mighty few quality rails. Most get a credit rating of "BAA" or lower. Many of the old time rail issues have very few maturities and no sinking funds. Most newer issues have maturities of conventional term; cash sinking funds; and built in call protection for a term of years. Income and other junior type securities generally have the same characteristics.

As already indicated, the market for railroad bonds is extremely limited due, of course, to the checked history of the group as well as to their unfortunate current experience.

Historically the public utilities follow the rails. In point of size, however, they now constitute the most important sector of the corporate bond market.

Public Utilities

The fixed income securities in this group fall into three categories: power and light bonds, gas company issues, and telephone bonds.

Power and light issues are usually brought out as mortgage bonds with 30 year maturities. A few come out as debenture issues. The capital structure of a power and light company usually shows about 50% in debt securities, on which fixed charges are generally earned about four times. Most issues get a credit rating of "A", or better, which indicates the high credit investment quality of the power and light group.

Mortgage bonds usually have a 1% sinking fund which, as a rule, can be met by credits for additions and betterments to plant, although there are a few utility sinking funds which do require cash payments, or which will take bonds in lieu of cash. Debenture issues usually have cash sinking funds designed to retire 40 to 50% of the issue by maturity. When market pressures generated by a heavy new issue calendar and falling bond prices are strong, new power and light company issues may feature five-year, non-redeemable call protection provisions. Ordinarily, however, such

Redacted for FRASER.
Investing for Banks

By Major B. Einstein, Vice-President, First National Bank in St. Louis, St. Louis, Mo.

Primer written for the smaller bank’s investment manager reviews essentials of a successful investment portfolio. After clearly indicating that no bank can afford to neglect this area, the author outlines principal categories of securities suitable for investment: outlines workings of interest rate, money market and economic changes; indicates sources of, and methods of determining, monetary suitable and outlines an ideal and a practical portfolio; refers to the importance of capital gains and loss tax provision, of Treasury Tax and Loan Accounts, of the work of the Federal Reserve System in drawing upon the knowledge of city correspondents.

Much of the contents of this study will be familiar to a majority of those concerned with bank investments. Yet, in order to develop the subject to an orderly fashion it is first necessary to put things first.

The most elementary of these is a bank’s legal obligation to meet its depositors’ withdrawal demands promptly and fully in accordance with the terms on which the deposits are made. Not to meet this arises the moral obligation to extend credit to creditworthy customers, and to satisfy certain other reasonable credit needs of the community at large. Also not to be overlooked is the bank’s obligation to its stockholders—that of preserving capital funds, and generating suitable earnings on them.

It is to be recognized that all of a bank’s assets cannot be directly invested in keeping with the terms of stockholders’ safe deposits. To be ready for such deposits must be put into investments of varying classes, and the term risk that is associated with the latter is therefore something that the bank must be ready to meet.

Loans and Investments

It is only after all cash needs as well as reasonable long demands may be met that investments are to be considered. Here, in the case of loans, the first consideration must be the borrower’s willings and ability to retire indebtedness promptly and fully when due. Indeed, there is little fundamental difference between loans and investments. The principal distinction lies in the fact that loans usually represent credit extended privately by a lender to a borrower through direct personal negotiation, while investments generally represent credit extended universally through an open market transaction.

The extension of both forms of credit involves the risk of default. Since these are usually accompanied by commensurate rewards, there is always the temptation to accept greater-than-average hazards in order to secure larger-than-average returns. It is always advisable to bear in mind, however, the amount of a bank’s deposits and, consequently, of its loans and investments. A considerable number of times the amount of its capital funds. Therefore, even seemingly modest losses on loans and investments assume considerably greater significance when considered in relation to capital—10% depreciation of a bank’s assets might well be equivalent to the elimination of its capital funds.

When a friend insisted that he express his opinion as to the near-term prospects for stock prices, the elder J. P. Morgan once observed: “The stock market will fluctuate.” And that sums up nicely about all of which one can absolutely be certain with respect to price movements in free market. Market fluctuations may be somewhat discouraging, but they are not infrequently sources of sizable penalties. Certainly the temptation to speculate in anticipation of expected economic changes is great, but this temptation should never become so great to a banker as to obscure the fact that the major consideration involved in an investment is fundamentally a reserve fund rather than capital for trading for unusual profits.

Credit in any form, however, cannot be extended without regard to future probabilities of security. Consequently, economic projection has an appropriate place in sound investment-management. Unfortunately, however, no magic formula for precise predication of future prices in a free economy, by virtue of the latter’s very nature, will probably may well serve as a rough guide. Until authorities to certain general rules may prove helpful, economic events may never be dependent upon well-established principles so even for ever under very similar circumstances alike factors and respective outcomes are never identical.

Securities Suitable for Bank Investment

Since a bank’s investment account is essentially a reserve fund, it should be limited to readily marketable securities of high quality. Risky quality is the sake of larger-than-average gains on a bank’s investment account is to be found in primary securities, particularly in the non-residential real estate. Opportunity may exist in a limited number of cases; however, the high credit quality possessed by these so-called “quasi-government” obligations are subject to income taxation.

The principal agencies issuing these securities are: Federal Intermediate Credit Banks—Federal Land Banks—Federal National Mortgage Associations—Banks for Cooperatives. The securities are approved by regulating authorities for bank investment without specific restriction. However, it is to be considered that while a bank may wish to diversify its portfolio, most of its credit-wise, it may prove to be less satisfactory than others to the Federal Government.

Appropriate Use of Tax Exempts

In addition to the credit superiority of yields of tax-free investments, particularly General Obligation Bonds, is the attractive characteristic which may be of substantial benefit to managers of bank investments. These securities are usually issued in serial form, providing for gradual repayment of principal, either semi-annually or annually. This feature may be of considerable advantage to the manager of bank municipal bonds with maturities corresponding to cash needs in the higher bracket of income tax rates. In the historical deposit and loan practices of banks, municipal bonds, however, prior to maturity, generally possess a somewhat unfavorable market aspect. With the exception of the largest high-quality issues, they are often not readily marketable, and, where there is a demand for them, the way trading market is the exception rather than the rule. In fact, the spreads between what buyers and those expected by the seller may be considerable. Banks, in a turn-around trade may cost the seller the equivalent of a full interest in time.

Therefore, before purchasing the bank should make a thorough consideration how much, on the average, its bank is likely to earn. Unless all interest is covered and expected income is in the higher bracket of income tax bracket, there is but little incentive to buy the relatively inferior gross income afforded by municipals.

Corporate Bonds

Bonds issued by private corporations are, in general, not particularly suitable for bank investments for various reasons, it is possible to meet tax exigencies almost as well as with the appropriate supply of such securities which might qualify credit-wise. Credit classification of corporate securities is not necessarily the same as to tax-exempt Revenue Bonds. A bank’s accumulation of history of earnings to provide an exposure for the bank would be for prompt and full satisfaction of all obligations. Owing to the possibility of such a new market of marketing possibility, however, these securities are likely to be purchased with the intention to retain them to maturity.

Planning the Investment Portfolio

Turning again to the general consideration of Tax-Free Obligations and for other categories of securities available to banks. Therefore, Reserve Bulletin recently revealed that it is always been the idea to have been approximately as follows.

Cash.................. 15% Loans.................. 50% Investments............ 35% Miscellaneous 2% Total.................. 100%

Investments consisted roughly 60% in United States Government Obligations and 35% other securities—an interesting ratio. The Federal Reserve System cannot be expected to conform to any national-average figures too closely. It is all important for the bank’s investment manager to take care to familiarize himself with his own bank’s individual characteristics, for it is only on the basis of his own bank’s actual experience that he may come to an understanding of the investment portfolio capable of satisfying all demands and yet which will be readily and practically penalty.

Liquidity and safety requirements are likely to be satisfied by restricting investment to United States Treasury Bills, of course, being available in weekly maturities and possessed of a long-term rating. Whatever else may be equal, this would appear to be the sound investment portfolio with a long-term investment-management problem and such would be the case if the Federal Reserve Bulletin figures approximately that at least 80% are long-term Treasury securities.

However, this is not so. For example, in the spring of 1938, the 1-day Treasury Bills afforded a rate of 3.24% while the 6-month trades a rate of 5.50%. It is true that a yield of 2% was available from Treasury five-year Notes, but the rate for lower-term Treasury Bills. Accordingly, despite the fact that investment income is secondary to safety and the availability of funds, earnings cannot be entirely ignored.

Closely related to the other hand, yield differentials favoring investment in short-term securities may prove deceptive. Positive yield differentials may indicate a technologically correct maturity structure. It is time—inasmuch as a bank always desire to maintain a relatively high tolerance the mark in the willingness of customers to borrow when interest rates are low and bond rates are relatively high and hardly ever to loan out. Unless all interest is covered and expected income is in the higher bracket of income tax bracket, there is but little
OBSERVATIONS...

BY A. WILFRED MAY

THAT SCARCITY-VALUE OF TULIPS, ART & STOCKS

Increasingly emerging is the Scarcity Value theme as justification for our Great Bull Market, with its fabulous advances in stock and price-earnings ratios, in both the listed and unlisted companies.

Typically, a leading newspaper editorial, commenting on the SEC Inquiry about the "hot money" and "inflating" securities situation to a curtailed supply of stocks, has a permanently enlarged demand: "The supply of quality art and gilt-edged bonds in the stock market is the culprit. Supply of stock is down relatively because more companies finance expansion internally or with debt. Demand, on the up, for investment companies and pension funds have mushroomed and more and more citizens have become shareholders in American business."

New York Stock Exchange President Keith Funston has also voiced the theme: "I think there is something of a shortage [of good common stocks] and there are two reasons for it. One is the fact that there is not much new stock being issued, aside from stock splits and stock dividends. The other, and probably more important reason, is the capital gains tax. Take any stock and watch its progress. If it goes up in price, people feel locked in. They don't want to sell their stocks, because they don't want to pay the capital gains tax."

"One of the reasons why the Dow Jones industrial stock average has a value above 720 is the pressure coming from institutions and conservative investors looking for good stocks. They have to buy from people who don't want to sell because of the capital gains tax."

While these factors do momentarily exist, it must be realized that actually they are not controlling—and, more important, that the notion that there are not enough stocks to go around is but today's variation of the Scarcity Value illusion with regard to Holland's tulips in 1634, Florida underwater land and New York stocks in the pre-1929 Rust, and art over the years.

In the latter area, the English portraits, Gainsborough, Romney, Lawrence et al., were oh-so-scarce at dizzy price hauls from 1819 to 1829, but thereafter supply somehow became plentifully available at drastically reduced price tags. The "scarce" Barbizon School's works from 1875 to 1914 were considered cheap at any price; thereafter, the former scarcity—along-with other value became decimated. Conversely, Vermeer, Van Eyck and Giorgiose are typical of the artists who were always scarce, but became "valuable" only after they came into fashion. Scarcity, in art as well as investment, exerts an influence only if and when the articles become popular.

Surely, the current assumptions about both the supply and demand factors regarding stocks warrant scrutiny.

On the Demand Side

It apparently is not realized that the supply side of the scarcity remained static—with the increase in the market being the torrent of splits and stock dividends.

The new public offerings of both common stocks and bonds have more than doubled over the past decade. Such common stock issues aggregated $2,027 million in 1969 and $1,664 million in 1960. In addition to these issues devoted to corporate capital financing, invest-

$200,000,000

Shell Oil Company

4% Sinking Fund Debentures Due 1986

Dated August 1, 1961
Interest payable February 1 and August 1 in New York City
Price 99 1/4% and Accrued Interest

Copies of the Prospectus may be obtained in any State from only such of the undersigned as may legally offer these Debentures in compliance with the securities laws of such State.

MORGAN STANLEY & CO.

KUHN, LOEB & CO.

BLYTH & CO., INC.

DOMINICK & DOMINICK

EASTMAN DILLON, UNION SECURITIES & CO.

GLORE, FORGAN & CO.

GOLDMAN, SACHS & CO.

HARRIMAN RIPLEY & CO.

KIDDER, PEABODY & CO.

LAZARD FRES & CO.

LEHMAN BROTHERS

MERRILL LYNCH, PIERCE, FENNER & SMITH

SMITH, BARNEY & CO.

STONE & WEBSTER SECURITIES CORPORATION

WHITE, WELD & CO.

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

While the market for tax-exempt bonds had shown some improvement in tone during the past few weeks, it had been almost singularly performance as against the bond market in general. Although the Commercial and Financial Chronicle indicated an average of 350,000 less in state and municipal bond yield in early June, the Treasury market had shown no general improvement. Both of these bond market areas were facing voluminous new financings during this period and the presumed impact was formidable enough to frustrate discounting by the market makers.

However, during this period and to some extent before, the state and municipal bond dealers, pushed along by the dealer banks, particularly, were able to translate the various market factors into positive market action. This was prior to the time of the Treasury's $35,000,000 debt conversion operation announcement and before the corporate market was able to establish the basis for a successful $200,000,000 Shell Oil Company financing.

Municipal Index Up

The Chronicle's Index showed further municipal bond market improvement this week to the extent of about one-half percent. The average yield of our selected 50-year high-grade offerings was reduced from 3.37% a week ago to 3.35% on July 19. The recently aggressive new issue building with fair investor response may forecast an upward trend in tax-exempt bond yields (and bond yields generally) during the summer months are now deferring such action as far as the late fall and winter. This would seem more realistic than the earlier attitude. From the outset, the Bond Investment a week ago of close to one-half point, the Treasury and Corporate bond yields showed no such general improvement. Both of these bond market areas had been facing voluminous new financings during this period and the presumed impact was formidable enough to frustrate discounting by the market makers.

MARKET ON REPRESENTATIVE SERIAL ISSUES

<table>
<thead>
<tr>
<th>State</th>
<th>Maturity</th>
<th>Rate</th>
<th>Bid</th>
<th>Ask</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calif.</td>
<td>1976-1980</td>
<td>3.75%</td>
<td>3.76%</td>
<td></td>
</tr>
<tr>
<td>Conn.</td>
<td>1976-1980</td>
<td>3.75%</td>
<td>3.76%</td>
<td></td>
</tr>
<tr>
<td>New Jersey Highway Auth., Gtd.</td>
<td>1976-1980</td>
<td>3.60%</td>
<td>3.61%</td>
<td></td>
</tr>
<tr>
<td>New York (State)</td>
<td>1976-1980</td>
<td>3.80%</td>
<td>3.81%</td>
<td></td>
</tr>
<tr>
<td>Penn.</td>
<td>1976-1980</td>
<td>3.00%</td>
<td>3.01%</td>
<td></td>
</tr>
<tr>
<td>Conn.</td>
<td>1976-1980</td>
<td>3.25%</td>
<td>3.26%</td>
<td></td>
</tr>
<tr>
<td>Va.</td>
<td>1976-1980</td>
<td>3.25%</td>
<td>3.26%</td>
<td></td>
</tr>
<tr>
<td>Wash.</td>
<td>1976-1980</td>
<td>3.50%</td>
<td>3.51%</td>
<td></td>
</tr>
<tr>
<td>Ohio</td>
<td>1976-1980</td>
<td>3.50%</td>
<td>3.51%</td>
<td></td>
</tr>
<tr>
<td>Ind.</td>
<td>1976-1980</td>
<td>3.65%</td>
<td>3.66%</td>
<td></td>
</tr>
<tr>
<td>Ohio</td>
<td>1976-1980</td>
<td>3.65%</td>
<td>3.66%</td>
<td></td>
</tr>
<tr>
<td>Chicago, Ill.</td>
<td>1976-1980</td>
<td>3.65%</td>
<td>3.66%</td>
<td></td>
</tr>
<tr>
<td>N.Y.</td>
<td>1976-1980</td>
<td>3.65%</td>
<td>3.66%</td>
<td></td>
</tr>
<tr>
<td>N.Y.</td>
<td>1976-1980</td>
<td>3.65%</td>
<td>3.66%</td>
<td></td>
</tr>
</tbody>
</table>

Toll Roads Doing Well

The toll road market during this period had been relatively inactive. It was mostly due to the Smith, Barney & Co. Turnpike Bond Yield Index was unchanged from the previous week. On July 13, there is evidence in the bond market that toll road financings today that the average bond yield on short-term toll roads was 2.98%.

Large Issues Scheduled for Sale

In the following tabulations we list the bond issues of $1,000,000 or more for the weeks that have been set for sale.

July 20 (Thursday)

<table>
<thead>
<tr>
<th>State</th>
<th>Issuer</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wash.</td>
<td>Seattle</td>
<td>July 20</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Calif.</td>
<td>Los Angeles</td>
<td>July 20</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Calif.</td>
<td>San Francisco</td>
<td>July 20</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

July 21 (Friday)

<table>
<thead>
<tr>
<th>State</th>
<th>Issuer</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wash.</td>
<td>Seattle</td>
<td>July 21</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Calif.</td>
<td>Los Angeles</td>
<td>July 21</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Calif.</td>
<td>San Francisco</td>
<td>July 21</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

July 24 (Monday)

<table>
<thead>
<tr>
<th>State</th>
<th>Issuer</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wash.</td>
<td>Seattle</td>
<td>July 24</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Calif.</td>
<td>Los Angeles</td>
<td>July 24</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Calif.</td>
<td>San Francisco</td>
<td>July 24</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

July 26 (Wednesday)

<table>
<thead>
<tr>
<th>State</th>
<th>Issuer</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wash.</td>
<td>Seattle</td>
<td>July 26</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Calif.</td>
<td>Los Angeles</td>
<td>July 26</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Calif.</td>
<td>San Francisco</td>
<td>July 26</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

July 27 (Thursday)

<table>
<thead>
<tr>
<th>State</th>
<th>Issuer</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wash.</td>
<td>Seattle</td>
<td>July 27</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Calif.</td>
<td>Los Angeles</td>
<td>July 27</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Calif.</td>
<td>San Francisco</td>
<td>July 27</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

July 28 (Friday)

<table>
<thead>
<tr>
<th>State</th>
<th>Issuer</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wash.</td>
<td>Seattle</td>
<td>July 28</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Calif.</td>
<td>Los Angeles</td>
<td>July 28</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Calif.</td>
<td>San Francisco</td>
<td>July 28</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

July 29 (Saturday)

<table>
<thead>
<tr>
<th>State</th>
<th>Issuer</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wash.</td>
<td>Seattle</td>
<td>July 29</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Calif.</td>
<td>Los Angeles</td>
<td>July 29</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Calif.</td>
<td>San Francisco</td>
<td>July 29</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

July 30 (Sunday)

<table>
<thead>
<tr>
<th>State</th>
<th>Issuer</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wash.</td>
<td>Seattle</td>
<td>July 30</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Calif.</td>
<td>Los Angeles</td>
<td>July 30</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Calif.</td>
<td>San Francisco</td>
<td>July 30</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>
An interesting book value featuring a phenomenal growth rate.

Time was when book publishing companies shared a fund of common stock investments. Traded mostly over-the-counter, these were used to finance transactions, slight market interest, and to help control modest price-earnings ratios. That was up until about three years ago. Then, animated by the prospect of a hundred percent in such securities as the National Broadcasting Co., many investors began to move into book stocks. The companies that "went public" faced large, previously unseen buying pressures. Random House common came at $11 and sold at $21 today. Holt-Winston and Rinehart merged to form a major company with its stock listed and actively traded at rising prices on the NYSE, Maxwellian, largest and most renowned textbook company, was bought into Crowell-Collier, and Scott Foresman & Co., stock is now available. And publishers, like books, can go "public" today. A number of major book publishers, which were once viewed as "private," recently have issued stock and begun trading. Among the first to do this were Harcourt Brace Jovanovich, Inc., and its subsidiaries, Golden Press, Inc., and Western Publishing Co., Inc. Western Publishing is a leading publisher of children's books, with more than 300 titles available in 35 countries. The company was founded in 1955 by Ira and Philip Rinehart, who bought the former Western Publishing Co. from its founder, Western Publishing Co. Inc.

Edwin Markham
To Join Smith, Barney
Edwin Markham will join the management department of Smith, Barney & Co., 20 Broad St., New York City, members of the New York Stock Exchange, as of July 1, it is reported. Mr. Markham is a director of the Security Traders of New York City.

Two to Be V.-Ps. of Walston & Co.
As of August 1 Jack H. Walston and Philip Basso will be elected Vice-Presidents of Walston & Co., Inc., members of the New York Stock Exchange. Mr. Basso will be located in the New York office, 74 Wall Street, and Mr. Walston in the Walston & Co., Inc., Chicago, Illinois. Both are Assistant Vice-Presidents of the firm.

World Federation of Inv. Clubs
In celebrating its first anniversary, the World Federation of Investment Clubs announced the admission to membership of the Canadian Association of Investment Clubs, according to Thomas E. O'Hara, Chairman, Board of Trustees of the National Association of Investment Clubs. The Canadian Association was organized in January of 1956, and has been operating under the sponsorship of the Montreal Stock Exchange which is providing them with the necessary qualifications and financial support to the clubs. The World Federation of Investment Clubs was organized on July 8th, 1956, at a meeting in London, England. The organization then consisted of the National Association of Investment Clubs of the United States, the National Association of Investment Clubs, Great Britain, the National Business House for Bellegrove, Studied, Netherlands, and the Federation of New Zealand Investment Clubs. The N.A.I.C. in the United States is the parent organization. It was organized in October 1951, with 6,000 clubs, and has grown to more than 6,200 clubs with 88,000 individual members. It has clubs in the major cities of the major countries in the world. The Federation of New Zealand Investment Clubs now has over 500 member clubs, the Netherlands Organization for Investment Clubs has 19 clubs, and the Japanese organization has 40 clubs in 15 clubs representing all 40 clubs in 15 clubs representing all 40 clubs.

Capitol Southwest Corporation
A Federal License under the Small Business Investment Act of 1958

COMMON STOCK
($1 Par Value)

Price $11 Per Share

Copies of the Prospectus may be obtained from such of the undersigned and others as are qualified to act as dealers in securities in this State.

ROTAN, MOSLE & CO.

RAUSCHER, PIERCE & CO., INC.

EQUITABLE SECURITIES COMPANY, INC.

DEWAR, FRANCIS I. du PONT GOODBODY & CO.

ROBERTSON & CO.

DALLAS UNION SECURITIES COMPANY

EPPLER, GUERN & TURNER, INC.

FUNK, HOBBES & HART

LENTZ, NEWTON & CO., INC.

HICKMAN, M.

SCHNEIDER, BERNET & CO.

DALLAS RUPEE & SONS, INC.

This is not an offer of these securities for sale. The offer is made only by the Prospectus.

NEW ISSUE
1,300,000 Shares

July 20, 1961
DEALER-BROKER
INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRM MENIONED WILL BE PLEASED TO
SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Bank Stocks—Quarterly comparison of leading banks and trust companies of the United States.—New York: Hanseatic Corp., 120 Broadway, New York 5, N. Y. Also available is a card memorandum on Broken Hill Proprietary.

Canadian Market Report—Summary of recent developments in the Canadian market.—Draper Doble & Company Ltd., 22 Adelaide St., West, Toronto, Ont., Canada.

Canadian Statistical Summary—Monthly publication of the data for several years to the end of 1960 for the banking and financial and most of the other tables presented in the monthly issues of the Statistical Summary—Bank of Canada, Research Department, Ottawa, Ont., Canada—pays $4.

Cement Stocks—Memorandum—Perishing & Co., 120 Broadway, New York 5, N. Y.

Chemical Stocks—Review—Harpin Upham & Co., 120 Broadway, New York 5, N. Y. Also available are reports on American Metal Climax, Crucible Steel, and Harbison Walker Refractories Co., Zenith Radio Corp., and the Steel Industry.


Electric Utility Companies—Annual review of comparative data in regional charts.—New York: Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y. Also available is a list of the most important Northwestern utility companies.

Emergency Trailer Corp., Colden Refrigeration, Falmadge Nickel Mines Ventures Ltd., and Western NaturalGas Co., are available.


Japanese Stock Market—Survey—Nomura Securities Co., Ltd., 61 Broadway, New York 5, N. Y. Also available are analyses of Metals Iron & Steel, Pull Iron & Steel; Hitachi Limited (electronics); Kirin Breweries; Sumitomo Chemical; Toyo Roshi; and other South China News.

J. W. Warden & Company

74 Trinity Place, New York 6, N. Y.
Havana 52/00

The Commercial and Financial Chronicle—Thursday, July 20, 1961

Firm Trading Markets in—

(a) Operating Utilities

(b) Natural Gas Companies

Transmission, Production & Distribution

TROSTER, SINGER & CO.

Members New York Security Dealers Association

8 (276)

Haddon 52/00

Teléfono NY 1374; 371; 378


Bank Stocks—Quarterly comparison of leading banks and trust companies of the United States.—New York: Hanseatic Corp., 120 Broadway, New York 5, N. Y. Also available is a card memorandum on Broken Hill Proprietary.

Canadian Market Report—Summary of recent developments in the Canadian market.—Draper Doble & Company Ltd., 22 Adelaide St., West, Toronto, Ont., Canada.

Canadian Statistical Summary—Monthly publication of the data for several years to the end of 1960 for the banking and financial and most of the other tables presented in the monthly issues of the Statistical Summary—Bank of Canada, Research Department, Ottawa, Ont., Canada—pays $4.

Cement Stocks—Memorandum—Perishing & Co., 120 Broadway, New York 5, N. Y.

Chemical Stocks—Review—Harpin Upham & Co., 120 Broadway, New York 5, N. Y. Also available are reports on American Metal Climax, Crucible Steel, and Harbison Walker Refractories Co., Zenith Radio Corp., and the Steel Industry.


Electric Utility Companies—Annual review of comparative data in regional charts.—New York: Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y. Also available is a list of the most important Northwestern utility companies.

Emergency Trailer Corp., Colden Refrigeration, Falmadge Nickel Mines Ventures Ltd., and Western NaturalGas Co., are available.


Japanese Market—Review—Yamachi Securities Co., Ltd., 25 Broadway, New York 4, N. Y. Also available are analyses of Metals Iron & Steel, Pull Iron & Steel; Hitachi Limited (electronics); Kirin Breweries; Sumitomo Chemical; Toyo Roshi; and other South China News.

Japanese Stock Market—Survey—Nomura Securities Co., Ltd., 61 Broadway, New York 5, N. Y. Also available are analyses of Metals Iron & Steel, Pull Iron & Steel; Hitachi Limited (electronics); Kirin Breweries; Sumitomo Chemical; Toyo Roshi; and other South China News.

Firm Trading Markets in—

(a) Operating Utilities

(b) Natural Gas Companies

Transmission, Production & Distribution

TROSTER, SINGER & CO.

Members New York Security Dealers Association

74 Trinity Place, New York 6, N. Y.

Telephone NY 1374; 371; 378


Bank Stocks—Quarterly comparison of leading banks and trust companies of the United States.—New York: Hanseatic Corp., 120 Broadway, New York 5, N. Y. Also available is a card memorandum on Broken Hill Proprietary.

Canadian Market Report—Summary of recent developments in the Canadian market.—Draper Doble & Company Ltd., 22 Adelaide St., West, Toronto, Ont., Canada.

Canadian Statistical Summary—Monthly publication of the data for several years to the end of 1960 for the banking and financial and most of the other tables presented in the monthly issues of the Statistical Summary—Bank of Canada, Research Department, Ottawa, Ont., Canada—pays $4.

Cement Stocks—Memorandum—Perishing & Co., 120 Broadway, New York 5, N. Y.

Chemical Stocks—Review—Harpin Upham & Co., 120 Broadway, New York 5, N. Y. Also available are reports on American Metal Climax, Crucible Steel, and Harbison Walker Refractories Co., Zenith Radio Corp., and the Steel Industry.


Electric Utility Companies—Annual review of comparative data in regional charts.—New York: Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y. Also available is a list of the most important Northwestern utility companies.

Emergency Trailer Corp., Colden Refrigeration, Falmadge Nickel Mines Ventures Ltd., and Western NaturalGas Co., are available.


Japanese Market—Review—Yamachi Securities Co., Ltd., 25 Broadway, New York 4, N. Y. Also available are analyses of Metals Iron & Steel, Pull Iron & Steel; Hitachi Limited (electronics); Kirin Breweries; Sumitomo Chemical; Toyo Roshi; and other South China News.

Japanese Stock Market—Survey—Nomura Securities Co., Ltd., 61 Broadway, New York 5, N. Y. Also available are analyses of Metals Iron & Steel, Pull Iron & Steel; Hitachi Limited (electronics); Kirin Breweries; Sumitomo Chemical; Toyo Roshi; and other South China News.

Firm Trading Markets in—

(a) Operating Utilities

(b) Natural Gas Companies

Transmission, Production & Distribution

TROSTER, SINGER & CO.

Members New York Security Dealers Association

74 Trinity Place, New York 6, N. Y.

Telephone NY 1374; 371; 378


Bank Stocks—Quarterly comparison of leading banks and trust companies of the United States.—New York: Hanseatic Corp., 120 Broadway, New York 5, N. Y. Also available is a card memorandum on Broken Hill Proprietary.

Canadian Market Report—Summary of recent developments in the Canadian market.—Draper Doble & Company Ltd., 22 Adelaide St., West, Toronto, Ont., Canada.

Canadian Statistical Summary—Monthly publication of the data for several years to the end of 1960 for the banking and financial and most of the other tables presented in the monthly issues of the Statistical Summary—Bank of Canada, Research Department, Ottawa, Ont., Canada—pays $4.

Cement Stocks—Memorandum—Perishing & Co., 120 Broadway, New York 5, N. Y.

Chemical Stocks—Review—Harpin Upham & Co., 120 Broadway, New York 5, N. Y. Also available are reports on American Metal Climax, Crucible Steel, and Harbison Walker Refractories Co., Zenith Radio Corp., and the Steel Industry.

Crucial Statistics of 40 Stock Groups—Analysis—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y. Also available is a list of the most important Northwestern utility companies.

Electric Utility Companies—Annual review of comparative data in regional charts.—New York: Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y. Also available is a list of the most important Northwestern utility companies.

Emergency Trailer Corp., Colden Refrigeration, Falmadge Nickel Mines Ventures Ltd., and Western NaturalGas Co., are available.


Japanese Market—Review—Yamachi Securities Co., Ltd., 25 Broadway, New York 4, N. Y. Also available are analyses of Metals Iron & Steel, Pull Iron & Steel; Hitachi Limited (electronics); Kirin Breweries; Sumitomo Chemical; Toyo Roshi; and other South China News.

Japanese Stock Market—Survey—Nomura Securities Co., Ltd., 61 Broadway, New York 5, N. Y. Also available are analyses of Metals Iron & Steel, Pull Iron & Steel; Hitachi Limited (electronics); Kirin Breweries; Sumitomo Chemical; Toyo Roshi; and other South China News.

Firm Trading Markets in—

(a) Operating Utilities

(b) Natural Gas Companies

Transmission, Production & Distribution

TROSTER, SINGER & CO.

Members New York Security Dealers Association

74 Trinity Place, New York 6, N. Y.

Telephone NY 1374; 371; 378

Summary of the Business and Economic Outlook

By Richard Wagner,* President, Chamber of Commerce of the United States; President, Consolidated, Chemplex Oil and Refining Co., Chicago, Ill.

A penny evaluation of the country's economic health can prove heady in the next year or two, when the output of the federal government is expected to be $10 billion more than last year, and the expansion is seen pervading at least 12 major sectors.

Unemployment remains a stubborn problem, and is made more difficult by the prospect of wage-wage, higher payroll taxes for Social Security, and upward adjustment in wage-wage- fringe expenses. A major economic expansion which began early this year is not expected to continue well into next year or beyond. The international political situation is not clearing up and could get worse before it gets better. The recent decline which began in the second quarter is expected to be one of the mildest of the four recessions since World War II, and is expected to last about 12 months based on past experience. In fact, gross national product, national income, and disposable personal income declined by only about 1% or less from the previous peak in the first quarter of the current recession which started in January. It was expected to last for a year and a half.

As in the previous declines since World War II, there has been a consistent inventory recession. This year, it shows that the inventory buildup has come to an end so that from now on, some moderate inventory rebuilding will add to the buoyancy of the economy. Secretary of the Treasury Dillon has estimated that production will rise by 5% in 1962.

Plant-Expansion

While there is much talk and some optimism about the al-
leged excess productive capacity in the United States, it now ap-
pears that the expansion for new plant and equipment will begin to rise fairly soon. Manufacturing, during the first quarter of this year, and will probably continue to rise through the year. The manufacturers' expenditures should reach about $23.5 billion, about 5% below 1960, and about 5% above the fourth quarter of last year. The expenditure for new plant and equipment is expected to increase, and the contributions to the index are due mainly to equipment. In May, durable-goods orders were up over 10% on the year, and the expectation is that the index will now be low. Price cuts in some categories of steel, plastic, alouminum, and copper are expected to somewhat offset market demand.

Residential construction has been somewhat erratic, due in

---

*FRASER Document Image
Arbitrage, Convertible Bonds and the Investor

By Gustave L. Levy, Partner, Goldman, Sachs & Co., New York City

Inclusive introduction to arbitrage in the securities market singles out convertible bonds as a prime investment, and explains which permit the investor "to have his cake and eat it too" are spelled out by Mr. Levy. His finds convertibles are most attractive when they sell somewhat near to or above their issue price and somewhere not less than 10 to 20% above their conversion value. The investment banker offers a hint as to what constitutes certain transactions and explains that they are worthwhile investments at the present. He lists six issues as representative, desirable investment of the near future and the many-newly formed organizations, capital simplification mergers, and liquidations are discussed.

"I shall attempt to explain, albeit briefly, the work and effect of the arbitrageur and arbitrage in the corporate bond market and in the security market in general. First, let me say it's fun—there's something new every day. Each day one finds a news of a proposed merger or a recapitalization that affects the bond market or stock trading. Arbitrage is really exciting to the mind. It is the most interesting and fascinating phase of the securities business."

"Nineteen-sixty and 1961 have been most interesting and have produced the highest degree of excitement as well as some difficult moments and both the stock market and the bond market, until recent weeks, have been above all. The bond market, after a decline of two to four points, has been steadied; in recent weeks, it has been having a downward reaction of some 30 points from its high point of several weeks ago. However, for the trader as well as the arbitrageur, movement either way is essential, so, although we suffer in slow markets, even such markets are preferable to "dull" or no markets at all.

"The classical definition of arbitrage is the simultaneous purchase and sale of identical securities; an arbitrageur is one who deals in such types of transactions. An arbitrageur is supposed to be an expert in bonds, preferreds and common stocks as well as having thorough knowledge in real, industrial (of all types) and utilities. We realize, of course, that this is impossible, so an arbitrageur must rely on his Research Department to a large extent for the information he requires. However, even the best analyst that an arbitrageur is well versed in SEC and stock exchange rules of trading, and, having some knowledge of the various legal and corporate procedures necessary to effect reorganizations, mergers and liquidations, he must have some knowledge of the various tax laws."

"The most interesting aspect of arbitrage, in my view, pertains to the effect of the merger on prices, and particularly in today's markets, merger prices by which an investor can hedge his own judgment. In other words, under certain conditions, an investor can "have his cake and eat it, too."

a) When bought right, convertibles combine the safety of a bond and the appreciation potential of a common stock.

b) In weak and uncertain markets, they have the safety of the bond; in strong, they have the appreciation potential of the common stock or "floating value," thus enjoying in a bull market. (Moody's monthly bond letter has a section showing comparison of market values with investment values (conversion parity).) The only disadvantage is that these "quality convertibles" usually sell too high—in other words, the investor pays too much for the conversion feature.

Features of Convertibles

(1) They are usually unsecured either straight debentures or subordinated debt.

(2) They are convertible at a fixed price, sometimes rising or selling price.

(3) They usually have call price close to par, but in many cases are non-callable for the first few years after issuance.

(4) Convertible securities have certain distinguishing characteristics: from one at a time, they are offered directly to public through underwritings or through subscription rights to company's own stockholders. Issuances of the securities may or may not be unlisted.

(5) In the past year or so there have been quite a few new issues of convertible offered—some of them more recent issues, to name a few, are as follows:

- Continental Powder Corp. Deb. $4.75% 1972. An "AA" bond now selling at about 35% to 50% to its face value, thus selling at parity with stock; having an investment rating of about 100 and a 4.40% basis.

- Manufacturers Inc. $5 1960. A bond selling at 115 below par and having an investment rating of about 94, or a 5.50% basis.

- American Machine & Foundry, Inc. 3.5% 1961. A "AA" bond now selling at about 102.85; having an investment rating of about 100, or a 5.50% basis.

- Brunswick Corp. 4.5% 1961. A "AA" bond selling around 125 and having an investment rating of about 90, or a 5.30% basis.

- Vendo Corp. Deb. $4.5%, 1980. An "AA" bond selling at about 101.75 and having an investment rating of about 93, or a 5.50% basis.

- There are just a few of the investments of 1960-61 and I cite these issues just to point out the diversity of the industries a staid utility selling at parity and a rubber company selling at 40% or more above its conversion value and a manufacturer also selling well above parity."

Who Buys Convertibles?

All financial institutions are attracted to convertible securities because of their high quality; have ratings of either A or AA; a price that doesn't exceed investment value by too much. In recent years, institutional buyers have been increasing in number. An investor realizes that, in contrast with the 70% margin bonds usually convertible, the last of the public utility holding company dissolutions, Standard Gas, and other recently completed, in both the railroad and the public utility public utility companies, the extent of such securities were purchased and the new securities to be given to the reorganized companies were sold on a "when, as and if issued" basis. These reorganizations usually took several years and if they were not completed, the old securities would be left "long" on the old securities with no hedge. That is, the company would have more than the time and the risk involved, usually ceased buying them. In the case of the yellow oxide, the extent of the securities were purchased and the new securities to be given to the reorganized company were sold on a "when, as and if issued" basis.

Mergers—In arbitrage a merger situation must be kept under close watch. We have just completed a successful one in the Market. National Distillers; we bought 100 Bridgeport Chemical and sold 155 National Distillers. We bought 150 per 100 Bridgeport Chemical, we bought them for $100.65. We bought this one because, after checking, we found that the two companies were practically interrelated, all the stockholders were in favor of the plan. The deal was completed. As a result, we got 100 Bridgeport Chemicals, 20% of the common stock of National Distillers and 50% of the old Bridgeport Chemical. We were Capitol Airlines—United Airlines, Kemmerer-Shaw, National Distillers—Fifth Avenue Stores. Some unsuccessful ones were Thermo-King-Triboro—Universal—National Match. In mergers, if you're wrong your long position not only depresses you but you have his cake and eat it too."

Price Determinants

Let's see what makes the price of a convertible initially. First, the attractiveness of the stock itself as it is convertible into. For instance, the bonds of large companies like RCA or Telephone, or Dow Chemical, initially always sell relatively higher than those of lesser known companies. It should be borne in mind that in all practical purposes convertible bonds move practically in parallel with the stock, after they reach a premium of from 25 to 50 points. However, the convertible bonds convert selling from 100 to 115 at a premium ranging from 20% to 50% into which they are convertible. They are sold the stock at 100 to 20% above the market. Upon the original issuance in today's market, the conversion price is usually set at 10% to 15% above the market.

The second factor affecting the price, and to my mind the most important, is the "investment" value of the bond. This is the factor which gives the investor a floor. The investment value is the face value of the bond at its face price. Fourth, is the size of the investment. Fifth, the convertible—electronic issues, RCA, Vendo, Commercial Chemicals, higher than other convertible bonds are most attractive in the area, where they are somewhere not less than 10% to 15% above their investment value and somewhere not less than 10% to 20% above their conversion value. There are many attractives convertibles in this range and I believe that converts generally, in the recent decline, are very attractive values. I believe that investment at the present time.

Other Forms of Arbitrage

Arbitrage, also, results from corporate reorganizations, capital simplification mergers and liquidations. In the United States, the largest of these is the railroad mergers and bond holding companies. In the field of reorganizations, however, the most recent is the simplification of the Florida East Coast was completed last year. This company had over 200 bondholders, 100 stockholders. The Public utility holding company dissolution is the last of the public utility holding company dissolutions. Standard Gas, and other recently completed, in both the railroad and the public utility public utility companies, the extent of the securities were purchased and the new securities to be given to the reorganized companies were sold on a "when, as and if issued" basis. These reorganizations usually took several years and if they were not completed, the old securities would be left "long" on the old securities with no hedge. That is, the company would have more than the time and the risk involved, usually ceased buying them. In the case of the yellow oxide, the extent of the securities were purchased and the new securities to be given to the reorganized company were sold on a "when, as and if issued" basis.
Hedging Against Stocks
As An Inflation Hedge

By Paul Emig

The flight from 6% gift edge issues accompanying inflation's revival prompts Dr. Emig to examine various hedges sought against a surprising range of inflationary considerations. The latter plan involves insuring share capital against loss at the end of 10 years with the guarantee of any income. Dr. Emig doubts this plan will become widespread despite the British insurance companies' reputation for covering almost any risk. Moreover, he has misgivings about the proposed plan to insured equity ratios in trust funds.

Following, he notes the insurance variable annuity orfixed and common stocks as a foolproof inflation hedge.

LONDON, England.—With the resumption of the rising trend in the British public has become once more inflation-conscious. Even during 1961, the cost of living remained stable and prices have, therefore, had the inflationary atmosphere of naught to consider. The Friends' Lily, for instance, was a complete mystery how it was possible to make living conditions even more stable main stable for so long. Now that the Friends' Lily has, for the first time in recent years, a month after month, any lingering doubt about the inevitability of inflation has been

The idea being so, the question of how to hedge against inflation is once more occupying the minds of many. Inflation has been a revival of interest in living conditions. The Friends' Lily has, for instance, been priced at 117 to yield 4.22%. Investment value about $30 per share through life. Selling about 27% above parity.

Phelps Petroleum 41/4 due 1967—Rated B by Moody's; BBB by Standard & Poor's—selling at 122 1/2 to yield 4.34%. Approximate investment value about 98, convertible into 1.69 shares. Price at Oct. 1, 1962 at decreasing prices thereafter, selling at about 9% above parity.

Commerzbank 11% due 1967—Rated A by Moody's and Standard & Poor's—selling at 122 1/2 to yield 4.34%. Approximate investment value 105, convertible into two shares plus $23 cash. Selling about 3% above parity.

Now Ainsworth Co.

CAMPDEN, N. J.—Emmanuel A. Smith is now conducting his investment business under the firm name of A. E. Smith & Co. Other offices are at 193 North 54th St.

Now Midwest Plannned Inv.

MINNEAPOLIS, Minn.—The firm name of Minneota Plannned Investments Inc., is under a legal phase at the Minneapolis Federal Bank, has been changed to Midwestern Investments Inc. The firm maintains branch offices in Duluth and Rochester, Minn.

Rich-Ruth Inv. Associates

(Associated with The Financial Corporation)

FRESNO, Calif.—Rich-Ruth Investors Inc., has been liquidated with offices at 332 East Shields Avenue to engage in a securities investment business. Jack D. Rich, President; David C. Ruth, Vice-President, and Norman L. Craig, Secretary and Treasurer. Robert I. Gondolli is affiliated with the firm.

300,000 Shares
Hydro-Space Technology Incorporated

Common Stock
(Par Value $5 Per Share)

Price $3 per share

Copies of the Prospectus may be obtained from such of the undersigned as may legally offer these securities in this State.

Michael G. Ketla & Co.
Craig-Hallum, Inc.
Kesselman & Co., Inc.
D. H. Blair & Company
H. M. Fruncke & Co.

John H. Kaplan & Co.
Lieberbaum & Co.
Stanley Heller & Co.
McLaughlin, Kaufman & Co.

John July 20, 1961

Fred F. Sessler Co.
Formed in New York

Fred F. Sessler Co., Inc., has opened offices at 360 Park Avenue, New York City, to engage in the securities business. Fred F. Sessler is President.
Outlook for Electrical Machinery and Appliances

By Robert S. Ingersoll, President, Borg-Warner Corporation, Chicago, Ill.

Modest second half year's gains are forecast for electrical machinery, and the end of the second half is expected to be a little better than the first half.

The Federal Reserve Bank's production index for durable goods and the index of new orders show a little recovery from the early fall recession, but both indices are still in a recession.

We believe, however, that the upturn will be gradual and minimal. We do not foresee any sharp recovery in durable goods and particularly look for modest second half gains in the three areas that we forecast covered: (1) electrical machinery; (2) appliances; and (3) air conditioning.

The electrical machinery industry continues to work off backlogs. Shipments this year will reach a new record. A further decline in new bookings is forecast for the third quarter but some pickup is expected in the final three months.

The greatest strength in the air conditioning field is being shown in the trial equipment. This segment ran ahead of last year for the first six months of 1961 and the outlook is for another solid advance, as much as 10% over a year ago. There will be a sharply increased activity in new work coming off the drawing boards, in addition to the strong carryover from earlier laydown. With this boost from increased sales, the machinery industry foresees this year's air conditioning sales will amount to $1.5 billion.

In summary, we expect 1961 dollar volume in the electrical machinery industry to be $2.5 billion ahead of 1960—the appliance industry, $2.25 billion ahead, and the air conditioning industry, $1 billion ahead. These declines in the second half of 1961 will be about 2% less than 1960.

Appliance Optimism

Optimism is running higher now in the appliance business than it has in about 18 months. Forecasts of increased home building are encouraging and appliance inventories are becoming more reasonable. The industry foresees another building boom ahead, perhaps as high as 1962 that will come about 1963.

Another reason for new-found optimism for some appliance manufacturers is the coin-operated dry cleaning machine, first introduced to the market by the Norge Division of Borg-Warner Corporation. This equipment has been so successful that a second model has also been introduced. The manufacturers of such appliance manufacturers have to compete with coin-operated laundry and cleaning centers.

In the air conditioning field, weather has improved since the middle of the year has affected adversely the sales of room units and central systems for home and commercial buildings. As a result, this business was running at a steep decline even though gains were reported for the first six months of this year. The second six months of 1961 are expected to show a substantial improvement in sales volume.

The greatest strength in the air conditioning field is being shown in the trial equipment. This segment ran ahead of last year for the first six months of 1961 and the outlook is for another solid advance, as much as 10% over a year ago. There will be a sharply increased activity in new work coming off the drawing boards, in addition to the strong carryover from earlier laydown. With this boost from increased sales, the machinery industry foresees this year's air conditioning sales will amount to $1.5 billion.

Connecticut Brevities

Barnaby Corp., Norwalk, maker of electrical connectors and Glass-Tite Lumber, has been awarded a Phase III contract by the Providence R. I., have agreed to the formation of a joint venture, Barnaby-Glass-Tite. The agreement, Glass-Tite will sell its interests in its wholly-owned subsidiary, Escon, to Barnaby, which has high temperature electrical and electronic connectors. The new company is being formed, according to the President of Glass-Tite, to take advantage of the Company's highly technical capabilities in the application of glass and ceramics, together with Barnady's strong marketing and distribution capabilities for the new company.

Heublein, Inc. of Hartford, which processes and imports foods and beverages, has recently made two appointments: Thomas Chadwick, Inc. and Eccoffy Ltd. Timely Brands, a maker of cake decorating products, will continue as a division of Timely Brands Inc., which is an English gourmet food company, will also become a Heublein subsidiary. An American subsidiary will be formed by Heublein to produce such European products as Sauce Diane, Sauce Colbert and Sauce Melba. In addition to these, Eccoffy makes about 20 other special food products.

Brannon Instruments, Stamford, manufacturer of ultrasonic cleaning and testing devices, has reported to the Connecticut Corporation for the Investment of Circos, a New Jersey metal processing company, which is expected to become a Brannon subsidiary. Mr. Peter Bloch, President of Brannon Instruments, made the announcement, said that Branson's ability to produce a complete range of products and its ultrasonic testing systems was the reason for the addition of Circos's plant with its heavy construction capabilities. He further stated that the combined design and manufacturing facilities of the two companies will be able to meet demands for larger cleaning systems from the acceptance of ultrasonic methods.

United Aircraft Corporation, East Hartford, has announced the appointment of five scientific advisory committees to guide the company's current and future operations in the areas of computer science, electronics, vertical takeoff and landing concepts and future operations. The committees will be composed of internationally known scientists and engineers and Mr. Erle Martin, Vice-President for Research and Development, will act as coordinator of the new committees.

In Securities Business

CHICAGO, IIL.—Washington-La Salle Management, Inc. is engaging in a securities business from offices at 121 West Washington-La Salle Street. Officers are Bernard R. Miller, President; Edward B. Miller, Secretary and Treasurer; and Bernard Goldblatt, Vice-President.
The Current Situation
In the Textile Industry

By William H. Brown,* Vice-President and Treasurer, American Viscose Corporation, Philadelphia, Pa.

Textile industry's quick review of conditions in the industry praises pace of new products and efficiency. Were it not for this, the current industrial world would have to be receiving what it needed and what it did in the 1941-43 period for its products in view of the declining price level it has had to face over the past several years. Though competition and credit work, Mr. Brown defined the matter, there is little indication of the problems the business of our Allies even though harmful to our industries and our economy.

Many changes are continually occurring in the textile industry. New types of man-made fibers find their way into the market—especially as they are used in blends to produce fabrics that have superior qualities over those made from any single fiber whether it be cotton, wool, rayon, acetate or the newer synthetics. This trend will grow and the consuming public will continue to want better and better fabrics for their use. The industry has been doing an outstanding job in bringing new products to the market place.

Decline in Per Capita Consumption

However, the economic aspects of the textile industry, which have the same old problems that have harassed it for many years, are still present. Some shifting in the kinds of fibers used—the overall per capita consumption as compared with the year 1943-45 is a slight decline. (Table I.) The synthetic fibers have not been adjusted to a utility basis which is often being done by the actual pounds. If this adjustment were made, total fiber consumption would have been much less. (Table I.)

The use of fibers has not kept pace with the increased population. For instance, average per capita consumption for the years 1925-34 and 1938-40, as compared with the years 1945-47, has declined to 361 pounds. This decline has been due to many reasons—among them are the use of paper and plastics, the substitution of the use of other materials, lighter and more durable fabrics and—the casual type of clothing of an increasing suburban population.

The lack of increase in the per capita consumption of textile goods also clearly indicated by the Federal Reserve Board index of Textile Mill activity which was 110 in 1945 and 121 in 1960, an increase of 9.1%. This comparison shows, even after the economic index for all manufacturing decreased 1212 in 1953 and 164 in 1960, an increase of 9.8%. Improvements Despite Price Decline

The textile industry has always been characterized by a multitude of competitive pressures, including innovative trends in recent years products from other countries which have greatly increased the cost of goods. The index of Textile Wholesale Prices, using 1947-48 as 100, shows that the textile industry is not getting a fair price. For instance, the index in 1953 was 97.2; in March 1960 it was 96.3; and in March 1961 was 95.5. In spite of all the monetary inflation, increased cost of living, and increased cost of doing business, the textile industry has managed to keep up with what it did in the 1947-49 period for its products.

In view of this situation, I want to say that the textile industry deserves commendation for the great improvements in efficiency and in technology that it has been able to make to stay in business.

Fibers in this price competition are very responsive to changes, in the level of prices. As a result the price differences are the real indicator of the textile industry's economic condition. If we compare a few of the present cloth prices with those in January, 1960, we can understand the effect of the present recession upon the industry. (Table II.)

Opposes Higher Tariffs

There has been much discussion by Congressmen and Senators of the textile industry and how the Government might encourage for import competitive imports from the low wage countries. On May 15, 20 trade associations representing most segments of the industry filed a petition with the Office of Civil and Defense Mobilization asking for a tax on all textile imports are threatening the national security, that is, by reducing our own industry to such an extent that it could not supply our country's requirements in a time of emergency.

The problem of foreign competition for our industries in the textile industry is an acute one. There will only tell whether the Government will do anything to relieve this situation or continue to follow the principle of the past. We must not restrict the business of our Allies even though harmful to the industries and the economy of the United States.

Rayon and Acetate

The rayon and acetate business has been hit with little regard for the recession in the textile industry and acetate business. Prices remain high have been low for most products of the domestic industry and competitive and to importers have in the past accelerated the declining price level. The shipments of yarns and fibers by the domestic industry during the first five months of 1960 and 1961 were as shown in Table III.

The decline in the Tyres tire wire is mainly attributable to the decrease of almost 30% in the number of automobiles produced so far in 1961 as compared with the same period in the preceding year—and to a lesser extent to the greater proportion of compact cars. The tires for compact cars require a tire of lower volume and the Tyres tire with rayon cord are standard equipment on practically all 1961 model automobiles. To the motorist, the Tyres tire is the standard for 1962 models.

Ehrlich, Irwin Co. Formed

GREAT NECK, N. Y. — Ehrlich, Irwin & Co., Inc., has been formed with offices at 108 Oxford Boulevard, a subsidiary of Rayonier. Business is the responsibility of Mr. Ehrlich Irwin, Executive Vice-President, and Mr. Irwin is formed with Oppenheimer & Co. & Co. & Co. of 1961.

Participating Associates

HALAFA, Fl.—Participating Associates Inc. is engaging in a securities business from offices at 520, West St. James D. Jordan is president, Russell E. Bennett is vice-president and A. J. Jordan secretary-treasurer. All of these wearers with Decidedly Different Interests, Inc.

Outlook for Merchandising

We anticipate that retail sales will improve from now through the end of the year since consumer expenditures generally parallel the trend of disposable income. The gain in the fall over the previous year should approximate 3% for total retail sales and for department stores. This is not because of new units, our firm's sales in

Deane A. Stratton Opens

PEEKSKILL, N. Y. — Deane A. Stratton is engaging in a securities business from offices on Oregon Road and Locust Ave.

|^m|n|z|y|

|Volume 194 | Number 6074 | The Commercial and Financial Chronicle |

163,000 Shares
Compudyne Corporation
Common Stock

Price $10.75 per Share

Hayden, Stone & Co.
Blair & Co.
Francis I. du Pont & Co.
L. F. Rothschild & Co.
Shearson, Hammill & Co.
Shields & Company
Walston & Co., Inc.

Copies of the Prospectus may be obtained by any State only from such dealers participating in this issue, including the underwriter, as may legally offer these Securities under the securities laws of each State. July 19, 1961

|TABLE I|

<table>
<thead>
<tr>
<th>Fibers Used</th>
<th>Number of Lbs.</th>
<th>Average % of Total</th>
<th>Number of Lbs.</th>
<th>Average % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton</td>
<td>4,203</td>
<td>65.4</td>
<td>4,456</td>
<td>69.1</td>
</tr>
<tr>
<td>Wool</td>
<td>6,994</td>
<td>29.9</td>
<td>6,452</td>
<td>9.7</td>
</tr>
<tr>
<td>Rayon and acetate</td>
<td>1,055</td>
<td>14.6</td>
<td>1,222</td>
<td>18.9</td>
</tr>
<tr>
<td>Synthetic fibers</td>
<td>3,233</td>
<td>3.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Glass</td>
<td>148</td>
<td>2.1</td>
<td>222</td>
<td>3.4</td>
</tr>
<tr>
<td>Total</td>
<td>6,423</td>
<td>100.0</td>
<td>6,759</td>
<td>100.0</td>
</tr>
</tbody>
</table>

|TABLE II|

<table>
<thead>
<tr>
<th>Fibers Used</th>
<th>Price Per Yr.</th>
<th>Jan. 1, 1961</th>
<th>June 30, 1961</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton print cloth</td>
<td>39.0</td>
<td>80.0</td>
<td>$0.23</td>
</tr>
<tr>
<td>Rayon print cloth</td>
<td>39.0</td>
<td>76.0</td>
<td>$0.25</td>
</tr>
<tr>
<td>Cotton drill</td>
<td>39.0</td>
<td>72.0</td>
<td>$0.28</td>
</tr>
<tr>
<td>Rayon drill</td>
<td>39.0</td>
<td>69.0</td>
<td>$0.29</td>
</tr>
<tr>
<td>Acetate</td>
<td>39.0</td>
<td>66.0</td>
<td>$0.25</td>
</tr>
<tr>
<td>Nylon sheers</td>
<td>51.0</td>
<td>109.0</td>
<td>$0.27</td>
</tr>
<tr>
<td>Linen twill rayon</td>
<td>39.0</td>
<td>92.0</td>
<td>$0.24</td>
</tr>
</tbody>
</table>

|TABLE III|

<table>
<thead>
<tr>
<th>Fibers Used</th>
<th>Number of Lbs. Shipped</th>
<th>First Five Months</th>
<th>Increase</th>
<th>(a) December</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rayon textile yarn</td>
<td>62.3</td>
<td>64.3</td>
<td>$2.1</td>
<td></td>
</tr>
<tr>
<td>Rayon staple</td>
<td>120.8</td>
<td>129.0</td>
<td>$8.2</td>
<td></td>
</tr>
<tr>
<td>Acetate yarn</td>
<td>146.0</td>
<td>130.1</td>
<td>$12.9</td>
<td></td>
</tr>
</tbody>
</table>

Total | 402.9 | 418.0 | $3.3 |

Tyres tire yarn.
Influences Likely to Govern Business in Current Decade

Continued from page 1

for the $1 billion windfall" as against $77.8 billion in 1950. In fiscal 1960, this represents only a nominal change. The added expenditures for defense, employment payments on top of many built-in increases in costs resulted in total disbursements of over $85 billion, an increase of about $4 billion over fiscal 1959.

Real Challenge Coming

Because, as Secretary Dillon said, "expenditures must keep pace with our ever growing population and our mounting national needs," the present forecast for fiscal 1962 shows a deficit of $3.7 billion after expenditures of $85 billion for Congress still in session and with many expensive programs requested by the President still in committee, the actual expenditures for fiscal 1962 may at this time be regarded as a guess. The largest deficit in the peacetime history of the United States came in fiscal 1949 after business had turned for the better in mid-1938. This fact is used to help justify the deficit in fiscal 1959 as a reasonable position. The real challenge is what the situation will be next January. Expenditures in fiscal 1959 were out $5.5 billion below the previous year while revenues increased $3.9 billion, or 19.8 percent, leaving a $12.4 billion deficit or a $12.2 billion surplus, one of the greatest reversals in history in such a short time. Will there be an equally impressive change from the deficit of at least $3.3 billion in this fiscal year?

Controversy over deficit spending

is not confined to the United States. Our neighbor to the north is embroiled in a dispute on this point. Can a country stimulate growth through deficit spending and solve the unemployment problem? Is the easy way of moving toward "soft money" better than the old-fashioned way of "hard money" in West Germany?

It must not be forgotten that the national debt is what the Federal Government has spent since 1789. It has included in it what has collected in taxes, customs, and war revenues for the three years ending June 30, 1961, the public debt outstanding and subject to limitation was about $239 billion as compared to $236 billion a year earlier, $270 billion on June 30, 1957, and $235.1 billion on June 30, 1958. Annual expenditures for interest are now around $9 billion, which is greater than total expenditures of the Federal Government in any year during the peacetime years of fiscal 1940. This staggering figure is due to the war effort for continuing to operate at a deficit with no reduction in the Federal Government obligations of the government. The rosy forecasts of revenues for fiscal 1963 have prompted some politicians to try to get credit for being among the first to suggest a reduction of the tax law or its extensions. However, some reduction in the Federal debt is certainly called for in the sixties. Will we take this important step toward sound fiscal management?

Gold Problem Not Dead

Maybe some of the answers to the previous question may come from the discipline of the market place. At this time I have in mind the price of gold, the market place, or in other words, our balance of payments problem. Since the movement of gold recently has been inbound rather than outbound, I find it interesting to note the flow of gold in the United States. The inflow of gold has amounted to $16 billion. This change is after a dull period of 10 weeks during which the movement was outbound. Also, the present situation is a real improvement over the 18-month period ended February, 1962, where a net inflow totaled $1,038 million, reaching a high of $129 million in one week.

I do not profess as an expert in international finance, but I am sure that we should not think that the problem can be brushed under the carpet during the sixties. With the decline in business activity in this country, imports of gold are expected to be smaller this year, and with the reverse true in Europe, exports are larger. As a result, the favorable trade balance at the annual rate of $7.3 billion, the highest in history (except during the war), is having a large effect on our balance of payments. Why is it that the vast amount of credits purchased these days are for airlines, freighters, travel agents, and not for the purchase of goods? This is what is happening. Without a change in the system, we are going to be faced with a decline in imports and a loss of market.

The discipline of the market place is not only a discipline over our economy; it is a discipline over our world. The world may be divided into the Federal Reserve System and the Federal Reserve System. The former has to do with the United States and the latter with the rest of the world. The Federal Reserve System is a discipline that has to do with the discipline of the market place.

Central Bank Cooperation

The idea of a central bank cooperation is a discipline of the market place. When the balance of payments, the movement of short-term funds, and the terms of trade are not satisfactory, the market makes someone aware of it. It is a discipline of the market place. The Central Bank of the United States has in recent years met a demand from the market that it make some adjustments in its policies. In the last few months this discipline has been in effect in the market place. The Central Bank of the United States and the United States Treasury for the past eight months have been so designed and organized that the market is spread as possible between the rates in New York and other money centers.

A new working party on monetary and fiscal policies has been established as a sub-committee of the Committee on European Monetary Cooperation. According to the Standard, the working party meets "at 4 to 6 weeks interval," and its members, "are responsible officials can discuss questions of mutual interest concerning the common market, the group of banks which are now having to disburse excessive or disqualifying monetary policies within their countries." Some progress has been made toward a more stable policy of international relationships. Without a new policy, development in the market place is less acute for present monetary reasons. But, the discipline of the market place is not only a discipline over our economy; it is a discipline over our world. The world may be divided into the Federal Reserve System and the Federal Reserve System. The former has to do with the United States and the latter with the rest of the world. The Federal Reserve System is a discipline of the market place.

If Federal Reverses Open Market Orders

At some point in the business cycle, which appears to be on the upswing at that time, the Federal Reserve System should come to the conclusion that further purchases of securities to provide reserves for the banking system will result in a downward withdrawal of the substantial basic demand in the economy. The change in policy unsetles the market to a point where the Federal Reserve System will be forced to continue its buying in order to counteract these new forces. If the economy is not a force against the market, the Federal Reserve System decides to withdraw reserves from the banking system by selling the securities that they have acquired intermediate and long-term issues are sold, the average maturity of the portfolio will be lengthened.

Such a planned program has never been made public before the central banks. There is always a good time to use the Federal Reserve System to buy intermediate and long-term securities. The period of time to sell these securities is also important. The short-term price-fluctuations have to be considered in the short-term money markets are likely to be growing complex. The sixties will be a severe test of monetary policy.

The Antitrust Operations

Another feature of the sixties will be the Antitrust Operations. Another feature of the sixties will be the Antitrust Operations. The Antitrust Operations will be a test of the size of single corporations. Investors have loved companies with growth, and management

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Offering Circular.

NEW ISSUE

60,000 SHARES

George S. Carrington
COMPANY

Class A

Common Stock

Par Value $1.00

Price $5.00

Per Share

Copy of the Offering Circular may be obtained in any state only from such dealers, including the undersigned, as may legally offer these securities under the securities laws of such State.

Clayton Securities Corporation

WADE McGEE, President

July 20, 1961

The Commercial and Financial Chronicle . . . Thursday, July 20, 1961
First Boston Names Delaney  
PHILADELPHIA, Pa.—The First Boston Corporation announced that Robert C. Delaney has been promoted to the position of Managing Director of the firm's Philadelphia office, 1500 Chestnut Street. Mr. Delaney formerly Associate Manager of the company's New York office, was associated with The First Boston Corporation in July, 1957.

FROM WASHINGTON  
...Ahead of the News

BY CARLISLE BARGER

The private power and the coal industries still have a kick left in them. They succeeded in defeating last week an Administration proposal that would have put the Atomic Energy Commission in the business of manufacturing electrical power. The House struck from the Atomic Energy Commission authorization bill a provision providing for $85 million in power for electricity generating facilities to be installed at the Hanford, Wash., nuclear reactor. If this commission plants to produce electricity for the public, it would doubtless prove to be the first step in pulling the Federal Government in the nuclear production of commercial electricity. The House refused to take this step. In doing so it was not unmindful of how, by step, TVA became a huge Federal power agency in competition with private enterprise. Mr. Eisenhower calls it creeping socialism, but Mr. Kennedy is trying to expand it.

TVA had what appeared to be an innocent beginning as a project to prevent floods and improve navigation. For this purpose (and for the purpose not then disclosed) dams were erected. This was the first step. It was then continued to the second step, the conversion of this electrical power capable, transmissible power over a given area should the community produce electricity for any purpose, and the fourth step with the extension of the area to be served with this public power. And, finally, there came the erection of central plants to produce electricity to supplement the water power distribution.

The Commission look coghnace in all this when it wrote the Atomic Energy Act of 1946. It was a sort of legislative example. The Commission engaged in the sale or distribution of energy for commercial use. Again, in 1950 when the Hanford reactor was authorized the sponsors of that proposal got no assurances that the power would not be sold to either private or public facilities. Nevertheless, persistent public-power advocates sought to establish a tremendous public power grid at the expense of taxpayers throughout the country in which they did it with the TVA.

Public power vs. private power has been a long continuing issue. The socialist groups have been the advocates of public power. It was the basic plank in the platform of Norman Thomas, the perennial socialist candidate for President. When he decided no longer to run for President he said that the New Deal had taken over his platform and that the TVA was a good example.

Mohammed Ayub Khan, President of Pakistan, has made an unusually good impression on Congress. Congress usually hears these foreign visitors with a jaundiced eye. On this occasion it was greatly surprised.

He has an outstanding appearance, and he talks firmly without oratorical fanfare. With complete candor he addressed a Joint Session of Congress without notes, for 50 minutes. He explained why he was staying in the United States and asked that the Congress should view him as a revolutionary greedy for power. As he explained how he was conducting a government in which he has no other device and system but the example of the United States, indeed, President Ayub is a fairy from the Castros who overthrow governments, wage guerrilla warfare and set out to destroy opposition.

He spoke of his country's need and proper appreciation of how tired this country must get of these requests. He was most emphatic that Pakistan was willing to stand alone and that it is not asking for any aid. These are his words: "If there is real trouble then the people of either country in Asia on whom you will be able to count. The only people who will stand by you are the people of Pakistan, provided you are also prepared to stand by them."

Certainly Pakistan has been a good friend. It has been firmly in the Western camp as a member of the Central Treaty Organization and the Southeast Asia Treaty Organization. They have a feeling we are neglecting our true friends to gain favor with those of comparable loyalty to the democratic ideals.

C. J. Aal With Burnham & Co.

Burnham & Co., 15 Broad St., New York City, members of the New York Stock Exchange, have opened a domatic arbitrage department under the management of Mr. Aal, formerly manager of the Canadian department for Bache & Co., and prior thereto was a partner in Aal & Golkin.

Bentley V. P. of Brand, Grumet Co.

Herbert Bentley has been elected a Vice-President of Brand, Grumet & Seigel, Inc., 49 West 33rd St., New York City, members of the New York Stock Exchange. Mr. Bentley was formerly with L. F. Rothchild & Co.

Forms Blvd. Inv. Co.

BROOKLYN, N.Y.—Winston Walnberg is engaging in a securities business from offices at 141 Lin¬ den Boulevard under the firm name of Boulevard Investment Company.

The placement of these securities was arranged primarily through the undersigned with Institutions putting them for investment. In addition there was assistance in arranging the Bank Credit Agreements referred to below. No public offering of securities is being made, and this advertisement appears as a matter of record only.

Atlas Chemical Industries, Inc.  
(formerly Atlas Powder Company)

$9,000,000 4% Notes Due 1976

$9,000,000 Bank Credit Agreements

F. EBERTZ & CO.

**First Boston Names Delaney**

Robert C. Delaney

**Gadsby Resigning From SEC**

Edward N. Gadsby, a member of the Securities and Exchange Commission, has announced he has resigned effective Aug. 4, and will return to his law practice in Massachusetts. Mr. Gadsby's term had two years to run. He had given the Commission on Wall Street his "best shot." He left because the Securities and Exchange Act has provided no more than "a paper shield" for the members of the commission. The members of the commission may be of high moral virtue, but the censors cannot be a Democrat.

Three members of the Commission, including Mr. Carey, are of the Democratic party.

**Compudyne Corp. Common Offered**

Hayden, Stone & Co., New York City, are offering shortly publicly a total of 163,000 common shares of Compudyne Corp. at $10.75 per share. Of the total, 120,000 are being sold by the company and 43,000 by certain stockholders.

Net proceeds to the company from its sale of stock will be applied to expansion of inventory, research, and development, to the resumption of outstanding debentures, and to working capital.

The company and its wholly-owned subsidiary are in furnishing instruments and systems for missile sites and in the design, development, assembly, and manufacture of electronic equipment and systems used in the automatic control of missiles, guided missiles and tactical weapons, and used in the production processes employed in the chemical, petroleum and metal industries.

For the six months ended March 31, 1961, net sales of the company and its subsidiaries amounted to $2,886,242 and net income to $17,315 against sales of $3,724,400 and net income of $54,501 for the like period of 1960.

Giving effect to the sale of the common stock and to the redemption of the debentures, capitalization of the company as of June 30, 1961, was $1,050,589 in debt, $1,600,000 in bank notes; and 980,470 shares of common stock (par 25 cents).

**Alert—Diverse**

The alert has been a good friend. It has been firmly in the Western camp as a member of the Central Treaty Organization and the Southeast Asia Treaty Organization. They have a feeling we are neglecting our true friends to gain favor with those of comparable loyalty to the democratic ideals.

C. J. Aal With Burnham & Co.

Burnham & Co., 15 Broad St., New York City, members of the New York Stock Exchange, have opened a domestic arbitrage department under the management of Mr. Aal, formerly manager of the Canadian department for Bache & Co., and prior thereto was a partner in Aal & Golkin.

Bentley V. P. of Brand, Grumet Co.

Herbert Bentley has been elected a Vice-President of Brand, Grumet & Seigel, Inc., 49 West 33rd St., New York City, members of the New York Stock Exchange. Mr. Bentley was formerly with L. F. Rothchild & Co.

Forms Blvd. Inv. Co.

BROOKLYN, N.Y.—Winston Walnberg is engaging in a securities business from offices at 141 Linden Boulevard under the firm name of Boulevard Investment Company.

The placement of these securities was arranged primarily through the undersigned with Institutions putting them for investment. In addition there was assistance in arranging the Bank Credit Agreements referred to below. No public offering of securities is being made, and this advertisement appears as a matter of record only.

Atlas Chemical Industries, Inc. (formerly Atlas Powder Company)

$9,000,000 4% Notes Due 1976

$9,000,000 Bank Credit Agreements

F. EBERSTZ & CO.
Federal Reserve Bank of St. Louis

The State of TRADE and INDUSTRY

The Morgan Guaranty Trust Survey reveals in its July review of business and financial conditions that recovery continues to show through the seasonal haze with which summer normally coats the economy's basic movements. As the second quarter drew to a close, the pace of advance in the industrial sector appeared to have slowed somewhat compared with April and May, when gains were especially rapid. It is clear from the performance of weekly indices, however, that the forward march did not stop.

Steel output, it true, slipped moderately from week to week during June, due to the seasonal forces and in part perhaps because of this year's approach early model changeovers in the automobile industry. Steel's biggest output of the year, even with an ingredient, might appear to have labeled more in June than in May, when allowances made for seasonal factors, and towards the end of June was running more than 3.5 above the level that prevailed before recovery got underway.

When it is published, the industrial production index for June should show an increase of at least a point, and possibly more, for the month marks the fourth successive month of advance, and it is likely that the upturn in production that began in March might have been 25% above start. Even if the June gain was only one point, it represents a 4.5% increase over the four-trimester average of the last quarter of 1960, suggesting that it will be back to its previous peak by autumn. The broadly based character of the rise is particularly impressive. In May, as in April, 14 of the 16 industry groupings that make up the index advanced. The pace was not bated in July.

Actually, little slackness has characterized the automobile goods; i.e., this year, there has been a significant quickening in the tempo of advance. In the first quarter, the index of automobile production was up 15.1%. By the second quarter, it was up 20.5%, and in June it reached 25.3%, with the pace of rise suggested to be accelerating in July.

The Morgan Guaranty Trust Survey reveals in its July review of business and financial conditions that recovery continues to show through the seasonal haze with which summer normally coats the economy's basic movements. As the second quarter drew to a close, the pace of advance in the industrial sector appeared to have slowed somewhat compared with April and May, when gains were especially rapid. It is clear from the performance of weekly indices, however, that the forward march did not stop.

Steel output, it true, slipped moderately from week to week during June, due to the seasonal forces and in part perhaps because of this year's approach early model changeovers in the automobile industry. Steel's biggest output of the year, even with an ingredient, might appear to have labeled more in June than in May, when allowances made for seasonal factors, and towards the end of June was running more than 3.5 above the level that prevailed before recovery got underway.

When it is published, the industrial production index for June should show an increase of at least a point, and possibly more, for the month marks the fourth successive month of advance, and it is likely that the upturn in production that began in March might have been 25% above start. Even if the June gain was only one point, it represents a 4.5% increase over the four-trimester average of the last quarter of 1960, suggesting that it will be back to its previous peak by autumn. The broadly based character of the rise is particularly impressive. In May, as in April, 14 of the 16 industry groupings that make up the index advanced. The pace was not bated in July.

Actually, little slackness has characterized the automobile goods; i.e., this year, there has been a significant quickening in the tempo of advance. In the first quarter, the index of automobile production was up 15.1%. By the second quarter, it was up 20.5%, and in June it reached 25.3%, with the pace of rise suggested to be accelerating in July.

DIVIDEND NOTICES

The Board of Directors has declared a quarterly dividend of 75c per share payable on the outstanding shares of common stock of the Company, payable September 5, 1961 to holders of record at the close of business August 15, 1961.

WILLIAM R. LYBROOK,
Secretary
Huntsville, N. C.
July 15, 1961

Sixty-one Consecutive Years of Cash Dividend Payments

R. J. Reynolds Tobacco Company

Makers of Camel, Windsor, Selene, and Caribbean cigarettes

PRINCIPAL OFFICES AT RALEIGH, N. C.

QUARTERLY DIVIDEND

A quarterly dividend of 75c per share has been declared on the common stock of the Company, payable September 5, 1961 to stockholders of record at the close of business August 15, 1961.

WILLIAM R. LYBROOK,
Secretary

The SOUTHERN COMPANY

The SOUTHERN COMPANY

INcorporated

Incorporated

The SOUTHERN COMPANY SYSTEM

Serving the South through:

ALABAMA POWER COMPANY
GEORGIA POWER COMPANY
GULF POWER COMPANY
MINNESOTA POWER COMPANY
SOUTHERN ELECTRIC COMPANY
SOUTHERN INDUSTRIES, INC.

The Southern Company

The Southern Company

The Board of Directors has declared a quarterly dividend of 28c per share on the Common Stock, payable September 12, 1961, to stockholders of record on August 18, 1961.

H. F. ABBEY,
Secretary

TENNESSEE GAS TRANSMISSION COMPANY

The Board of Directors has declared a quarterly dividend of 28c per share on the Common Stock, payable September 12, 1961, to stockholders of record on August 18, 1961.

H. F. ABBEY,
Secretary

This advertisement is neither to offer nor solicit any offer to buy any of these securities. The offer is made only to beneficial residents of New York State and only by the Proposer.

NEW YORK

July 19, 1961

60,000 Shares

Growth Organisation Incorporated

Capital Stock

(Pot value $1.00 Per Share)

OFFERING PRICE: $4.00 Per Share

These securities are offered to beneficial residents of New York State only. The Company reserves the right to reject any purchase offer in whole or in part.

Growth Organisation Incorporated

11 Broadway, New York 4, N. Y.

WH 4-2990

Continued on page 26

This advertisement is neither to offer nor solicit any offer to buy any of these securities. The offer is made only to beneficial residents of New York State and only by the Proposer.
THE MARKET
BY WALLACE STREETE

The summer rally was still missing in this market, and, in fact, the market was even weaker than to where, this time, the June low was approached. The critical support level failed to hold.

Much was made out of the deleterious effects of the Berlin crisis, although the market indicated mostly that when the industrial front at last was expected to slip through its June low of 680 June 25, the adjustment might be far more substantial, with an additional volume to assure that unfavorable development would not occur.

There was plenty of caution prompted, especially in the two-month state line, but this was like more sturdy base was needed than the 680 level and breaking through this line was beginning of a new base-building period that might not delay a resumption of the advance.

To a certain degree, and despite the breakthrough and a subsequent extension of the decline, would complete its chart pattern that indicated the upswing was all over, like dynamite that has just been thrown into the drink of turning all-out bearish, the ultimate result could be a business and economic backward ground doesn't at this time indicate any such occurrence.

For one, inflationary fears are still present, and while these fears are to some earnings statements that still don't indicate recovery are in line with expectations.

Then, the fact that business is in a lull at the moment is not an unusual occurrence, its planning this business planning and predictions for the fall still point to continued recovery once the slow months are out of the way.

Steel Executives Optimistic Steel officials, for one optimistic group, were anticipating a pickup in demand even before the end of summer, as the automakers begin planning for their fall model changeovers. To what extent this might result in the breakdown and a subsequent extension of the decline, would complete its chart pattern that indicated the upswing was all over, like dynamite that has just been thrown into the drink of turning all-out bearish, the ultimate result could be a business and economic backward ground doesn't at this time indicate any such occurrence.

For one, inflationary fears are still present, and while these fears are to some earnings statements that still don't indicate recovery are in line with expectations.

Then, the fact that business is in a lull at the moment is not an unusual occurrence, its planning this business planning and predictions for the fall still point to continued recovery once the slow months are out of the way.

Du Pont Under Pressure Some items were still under the influence of possible government action, such as the selling of Hillcrest, in the blue chips given to some wide groups of individuals, the down-the-next type. The quality chemical issue, however, was holding its own. The swing here was to the changes of the holders like a tax break on any General Motors shares that Du Pont might spin out under the forced divestiture of its large bundle of GM.

Far less found little comforting in the whole discussion over whether the GM shares might get under a one-year trading ceiling of any more stock to the in-the-money kitchen. Of the independents still exist.

There was little in the broker's report that was promotional, or even the specter that the Big Three with refinancing the independents still competition and, in their own right, had nothing to be said about the potential prospects, as one analyst put it, "are not likely to be exciting.

Good Prospects The hunt for companies with business expansion opportunities, consequently, was centered away from what is considered the glass industry, well-known household words to both consumer and industrial buyers, such as Huyck Industries which has been showing up strongly in recent months mostly in their field of the glass field.

Huyck, however, is far from being the only deflation orders and it looms importantly in the pipeline for articles as much as the more simple plastic cups and plates for the household use. The handling phase is one of the newer fields, and Huyck company started off the year with a bang, but expects to pick up momentum through the next three quarters of the year, to achieve full-capacity production, which would compare well with last year, the company was busily engaged in increasing plant capacity so the management appears confident that it will be able to step up its production and resume the growth pattern to all-time high level and a negligible dividend

For a comeback that has had its followers nearly a decade back, the very many fruit would have to look prominent. It was when the episode of a conserva-
tive, but sold Boston blue chip, long-time dividend payer with a normally high yield, that ended when a string of years of unprecedented quarterly divi-
dends had to be cut after all the company had given United Fruit increasing troubles.

To those who now regard United Fruit as a fairly reliable, the regen-
eration overload of more than 10 years ago a new concept of its operations and diversification, chiefly into dried and frozen food, and its accuracy, has finally turned the corner. Mean-
time, the stock is selling at only a bit more than a third of its 1951 high, but if it can be improved as, is candidate for an increase in this year a modest recovery should be expected to it here.

Prefereds Favorod A good sprinkling of recommendations that stressed yields was the main reason behind concentrating giving high grade preferreds which, like United Fruit, have been considered a shelter with a management trend clarified and returns that ran to 5% or nearly that figure weren't hard to find. That compares with 2.8% on average for common stocks of industrial companies. Offsetting the relatively high yields — in some cases far better than the yields on common stocks of many called preferreds is the fact that most preferreds can be called at par, and, once again, it is relatively easy to find quality items selling well below $100.

The 4% preferred of Cincinnati Gas, for instance, has a call price of 108 but has been available around 85 with a yield of around 4.5% which is not insurance on amounts of around 10 although it carries a call price of $100. The 5% preferred of General Mills, offering well past 4% has a call of 115 but was still available at 106. Of all the companies that these preferreds are solid ones that do well in their own field.

(The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle, they are presented as those of the author only.)

Dolomite Glass Fibres, Inc. Stock Sale Pursuant to a June 28, 1961 prospectus, the company offered and sold, without underwriting, 50,000 shares, par value 300,000 common shares, and 300,000 non-natissible preferred shares. Proceeds will be used by the company for additional equipment and for working capital.

The company of 107 Jay St., Rochester, New York, is engaged in the manufacture and sale of glass fiber for insulation and glass fiber strands, mats androv for use in the manufacture of forced plastics. Authorized stock consists of 250,000 shares, preferred, 500,000 shares of class "A", for the sale of 3,583,500 shares of common stock of which 100,000, 300,000 and 1,000,000 shares, respectively, are outstanding.

In Securities Business Waverly Paragon Mutual Syn-
chronous to a securities business from offices at 33 West 42nd Street, New York City, Lebanon Abramson, and Lawrence M. Romer.

Shell Oil Co. Debenture Sale A nationwide underwriting group headed by Morgan Stanley & Co. was offered issue of $200,000,000 Shell Oil Co. 5% sinking fund debentures due 1966, priced at 99% and were sold to yield approximately 4.64% to 4.65%.

The proceeds of the sale will be used in general corporate purposes, including expenditures for exploration and development of oil and gas properties, for other property acquisitions, and for investments in and advances to subsidiary companies and to an affiliate, Shell Oil Co. in Canada. In the last five years, the company's subsidiaries have spent $1,297,000,000 for capital additions and improvements, including exploration and development of oil and gas properties.

The offer marks one of the largest underwritten corporate debt financing operations undertaken in this year to date. In dollar amount it has exceeded the offering this year only by the $500,000,000 underwritten issue of United States Steel Corp. in April and the $1,000,000,000 two-year debentures offered in April and the $400,000,000 Telephone & Telegraph Co. 37%-4% debentures offered in June.

A mandatory sinking fund for the debentures, com¬ mencing in 1966 is calculated to retire 2.5% of the issue prior to maturity. The sinking fund redemption price is 105.44.

Optional redemption prices for the debentures range from 105.24 to 105.44, as well as the principal of the sinking fund, and the issue as a whole, has been priced at 99.54% of its par value.

Shell Oil Co., an integrated oil enterprise operating in the United States, is engaged in the exploration and development and production of, crude oil and natural gas, the transporting, refining and marketing of petroliumm, and its products, and the manufacturing, marketing and sale of chemicals. Compared with other integrated oil enterprises, the company believes that it

blocks of acceptable securities, with a maximum face value of $10,000, for Fund shares. The exchange is based on one share of Ohio Franklin Fund Inc., for a $7.50 of market value of securities deposited, less compensation to the Dealer Manager, as described in the Prospectus.

Investment dealers and individuals may obtain a copy of the Prospectus, in states where authorized for distribution to investors, and to the Dealer Manager of the Fund.
Other assets.

Deposits by individuals, partnerships, and corporations, continuing to be the largest source of funds for the banks, are reported at $10,540,706.23.

The Security National Bank, located in York, 3rd of April, 1913, is merged into the First National Bank of New Milwaukee, Wisconsin. The holdings of the Security National Bank, which were valued at $51,000, were transferred to the First National Bank of New Milwaukee, Wisconsin. The effective date of the merger is July 3.

The Second National Bank of New Haven, New Haven, Conn., with common stock of $50,000 consolidated as the Second National Bank of New Haven, with capital stock of $21,125,300 divided into 853 shares, has been reorganized under the title of "Fairfield County Trust Company," with capital stock of $50,000 consolidated as the Second National Bank of New Haven, with capital stock of $21,125,300 divided into 853 shares.

The Continental Illinois National Bank of Chicago, Ill., has issued $1,000,000 of its $5,000,000 of common stock, with a par value of $500.00 and a market value of $500.00.

The United States National Bank of New York, N.Y., reports a total deposit of $5,000,000, of which $4,000,000 is in New York and $1,000,000 is in Chicago. The bank is a member of the Federal Reserve System and is authorized to issue $500,000 of its capital stock.

The First National Bank of New York, N.Y., reports a total deposit of $5,000,000, of which $4,000,000 is in New York and $1,000,000 is in Chicago. The bank is a member of the Federal Reserve System and is authorized to issue $500,000 of its capital stock.

The Farmers National Bank of Thomastown, Thomastown, Pa., with common stock of $35,000 merged effective as of the close of business June 30, the consolidation was effected under the charter of The Peoples National Bank of Mifflin, Pa., with capital stock of $100,000 divided into 8,000 shares of the par value of $12.50 each.

The new Urs buildings in the Farmers National Bank of Thomastown, Thomastown, Pa., with common stock of $35,000 merged effective as of the close of business June 30, the consolidation was effected under the charter of The Peoples National Bank of Mifflin, Pa., with capital stock of $100,000 divided into 8,000 shares of the par value of $12.50 each.

The new Urs buildings in the Farmers National Bank of Thomastown, Thomastown, Pa., with common stock of $35,000 merged effective as of the close of business June 30, the consolidation was effected under the charter of The Peoples National Bank of Mifflin, Pa., with capital stock of $100,000 divided into 8,000 shares of the par value of $12.50 each.

The new Urs buildings in the Farmers National Bank of Thomastown, Thomastown, Pa., with common stock of $35,000 merged effective as of the close of business June 30, the consolidation was effected under the charter of The Peoples National Bank of Mifflin, Pa., with capital stock of $100,000 divided into 8,000 shares of the par value of $12.50 each.

The new Urs buildings in the Farmers National Bank of Thomastown, Thomastown, Pa., with common stock of $35,000 merged effective as of the close of business June 30, the consolidation was effected under the charter of The Peoples National Bank of Mifflin, Pa., with capital stock of $100,000 divided into 8,000 shares of the par value of $12.50 each.
PUBLIC UTILITY SECURITIES

BY OWEN ELY

The Columbia Gas System, Inc.

Columbia Gas, which began operations in 1926, is the largest U.S. integrated natural gas system, with net assets of over one and a quarter billion dollars. It serves portions of seven mid-Atlantic states, a wide area of Pennsylvania, including parts of Pittsburgh, most of Ohio, including Cincinnati and Columbus; Maryland, an area extending from Farmington to Baltimore and the city of Washington is served by one of Columbia's wholesale customers, Washington Gas Light. Directly and indirectly, a population of about 15 million is served, in some 1,900 communities.

Among the principal cities served at retail are: Columbus, Toledo and Springfield, Ohio; Portland, Oregon; Pittsburgh, Charleston, Wheeling, W. Va.; E生产商, N. Y.; Cumberland, Md., and Frankfort, Ky. Principal wholesale marketers include: Washington, D. C.: Baltimore, Md.; Cincinnati and Dayton, O.; Richmond, Va.; Nashville, Tenn.; Vicksburg, Miss.; Alexandria, Va.; Atlanta; and Houston, Texas.

The system includes the parent company, Columbia Gas System Service Corporation, 14 operating gas companies, an oil company and a hydro-electric company. A number of years ago Columbia Gas began its program of corporate streamlining, largely to simplify regulatory problems, and when it has been completed the company will comprise a single gas transmission pipeline, to supply Appalachian area, and one distribution company, in each of the seven states in which the system operates, its southwest pipeline company (Columbia Gulf Transmission) and the oil and hydro-electric companies.

The area served by Columbia Gas System Service Corporation, in a retail and wholesale sense, is well diversified. For example, Columbia Gas System Service Corporation has drilled exploratory wells to depths as great as 13,000 feet in its continuous search for gas. In 1960 the average rate of increase of the supply of owned Appalachian reserves, 5% from Appalachian producers, 5% from controlled Southwest gas, and 5% from Southwest pipeline companies.

Many years ago Columbia began a program of underground storage of natural gas and it now has 43 storage fields with total capacity of half a trillion cubic feet. The system has an ultimate capacity of 5.5 billion cubic feet. Total proven reserves of all kinds amount to nearly 15 trillion cubic feet, of which, however, only 1.4 billion of are in storage. The system in 1960 drilled 130 new wells producing a daily average of 14.5 million cubic feet. There are now 165 drilled and in operations. The system has also drilled 260 new wells into approximately 260 new commercial fields for purchase of gas from gas. Columbia Gas has a huge constant in reserve, and if it should run low, it would then be supplied by the Federal Power Commission so that the company can be assured of adequate service to its customers.

Columbia Gas has a huge constant in reserve, and if it should run low, it would then be supplied by the Federal Power Commission so that the company can be assured of adequate service to its customers.

The Columbia Gas System, Inc.

Columbia Gas, which began operations in 1926, is the largest U.S. integrated natural gas system, with net assets of over one and a quarter billion dollars. It serves portions of seven mid-Atlantic states, a wide area of Pennsylvania, including parts of Pittsburgh, most of Ohio, including Cincinnati and Columbus; Maryland, an area extending from Farmington to Baltimore and the city of Washington is served by one of Columbia's wholesale customers, Washington Gas Light. Directly and indirectly, a population of about 15 million is served, in some 1,900 communities.

Among the principal cities served at retail are: Columbus, Toledo and Springfield, Ohio; Portland, Oregon; Pittsburgh, Charleston, Wheeling, W. Va.; E生产商, N. Y.; Cumberland, Md., and Frankfort, Ky. Principal wholesale marketers include: Washington, D. C.: Baltimore, Md.; Cincinnati and Dayton, O.; Richmond, Va.; Nashville, Tenn.; Vicksburg, Miss.; Alexandria, Va.; Atlanta; and Houston, Texas.

The system includes the parent company, Columbia Gas System Service Corporation, 14 operating gas companies, an oil company and a hydro-electric company. A number of years ago Columbia Gas began its program of corporate streamlining, largely to simplify regulatory problems, and when it has been completed the company will comprise a single gas transmission pipeline, to supply Appalachian area, and one distribution company, in each of the seven states in which the system operates, its southwest pipeline company (Columbia Gulf Transmission) and the oil and hydro-electric companies.

The area served by Columbia Gas System Service Corporation, in a retail and wholesale sense, is well diversified. For example, Columbia Gas System Service Corporation has drilled exploratory wells to depths as great as 13,000 feet in its continuous search for gas. In 1960 the average rate of increase of the supply of owned Appalachian reserves, 5% from Appalachian producers, 5% from controlled Southwest gas, and 5% from Southwest pipeline companies.

Many years ago Columbia began a program of underground storage of natural gas and it now has 43 storage fields with total capacity of half a trillion cubic feet. The system has an ultimate capacity of 5.5 billion cubic feet. Total proven reserves of all kinds amount to nearly 15 trillion cubic feet, of which, however, only 1.4 billion of are in storage. The system in 1960 drilled 130 new wells producing a daily average of 14.5 million cubic feet. There are now 165 drilled and in operations. The system has also drilled 260 new wells into approximately 260 new commercial fields for purchase of gas from gas. Columbia Gas has a huge constant in reserve, and if it should run low, it would then be supplied by the Federal Power Commission so that the company can be assured of adequate service to its customers.

Columbia Gas has a huge constant in reserve, and if it should run low, it would then be supplied by the Federal Power Commission so that the company can be assured of adequate service to its customers.

The Columbia Gas System, Inc.

Columbia Gas, which began operations in 1926, is the largest U.S. integrated natural gas system, with net assets of over one and a quarter billion dollars. It serves portions of seven mid-Atlantic states, a wide area of Pennsylvania, including parts of Pittsburgh, most of Ohio, including Cincinnati and Columbus; Maryland, an area extending from Farmington to Baltimore and the city of Washington is served by one of Columbia's wholesale customers, Washington Gas Light. Directly and indirectly, a population of about 15 million is served, in some 1,900 communities.

Among the principal cities served at retail are: Columbus, Toledo and Springfield, Ohio; Portland, Oregon; Pittsburgh, Charleston, Wheeling, W. Va.; E生产商, N. Y.; Cumberland, Md., and Frankfort, Ky. Principal wholesale marketers include: Washington, D. C.: Baltimore, Md.; Cincinnati and Dayton, O.; Richmond, Va.; Nashville, Tenn.; Vicksburg, Miss.; Alexandria, Va.; Atlanta; and Houston, Texas.

The system includes the parent company, Columbia Gas System Service Corporation, 14 operating gas companies, an oil company and a hydro-electric company. A number of years ago Columbia Gas began its program of corporate streamlining, largely to simplify regulatory problems, and when it has been completed the company will comprise a single gas transmission pipeline, to supply Appalachian area, and one distribution company, in each of the seven states in which the system operates, its southwest pipeline company (Columbia Gulf Transmission) and the oil and hydro-electric companies.

The area served by Columbia Gas System Service Corporation, in a retail and wholesale sense, is well diversified. For example, Columbia Gas System Service Corporation has drilled exploratory wells to depths as great as 13,000 feet in its continuous search for gas. In 1960 the average rate of increase of the supply of owned Appalachian reserves, 5% from Appalachian producers, 5% from controlled Southwest gas, and 5% from Southwest pipeline companies.

Many years ago Columbia began a program of underground storage of natural gas and it now has 43 storage fields with total capacity of half a trillion cubic feet. The system has an ultimate capacity of 5.5 billion cubic feet. Total proven reserves of all kinds amount to nearly 15 trillion cubic feet, of which, however, only 1.4 billion of are in storage. The system in 1960 drilled 130 new wells producing a daily average of 14.5 million cubic feet. There are now 165 drilled and in operations. The system has also drilled 260 new wells into approximately 260 new commercial fields for purchase of gas from gas. Columbia Gas has a huge constant in reserve, and if it should run low, it would then be supplied by the Federal Power Commission so that the company can be assured of adequate service to its customers.

Columbia Gas has a huge constant in reserve, and if it should run low, it would then be supplied by the Federal Power Commission so that the company can be assured of adequate service to its customers.

The Columbia Gas System, Inc.
Yankeland, with its diverse growth industries, is on the " showMessage" of the American economy. In its heyday, Yankeland played a major role in the American economy of the generation, which has given rise to the global finance business, its part has not been insignificant. This is by way of a salute to Boston and New York, which early this month put into the mail to 19,000 shareholders a principal balm for its Bolton market when its 35th year. It was founded in Boston when not in New England, but the whole nation's fortunes were at a low ebb. Robert L. Moore and Ernest Henderson founded the fund as World Trust in 1930. Today Bob Moore, its President, is known as Chairman of the Board of Sheraton Corp, and Ernest Henderson, along with Mr. Moore among the six ITB trustees, is President of Sheraton. The co-founders were guided by three basic beliefs. They reasserted: "the Depression could not destroy us, because Boston and New York, with leverage offered prime opportunity, because they were in such markets as then prevailed. The value of leverage could be compounding return on the borrowing power, when conditions improved.

They were indeed shrewd men, and more than twenty years later, that are considerable vision. From the outset they envisaged the need for a conservative investment program, the forerunner of our present conservative buying and selling plan. The initial paragraph of their original charter, declared it flat:

"the principal purpose for establishing this trust is to provide employees of business houses an opportunity to set aside weekly from their salary for five years to provide for their retirement income for investment." For the remainder of the life of the fund, Mr. Moore and Mr. Henderson represented two-thirds of the trustees. Together, they had not since 1949 the management group has not increased to embrace the six trustees and a-five-man board.

But how did they fare as a group? Their record back in the dim days of the 1930s and 1940s were they were pretty well the average 17% annually.

Well, when they closed up shop at the end of 1951, after eighteen months in business, net asset value per share was 77 cents. The figure rose steadily with the passing years, reaching $1.34 by the end of 1955. That was the year of their initial capital-gains distribution, the equivalent of a nickel per share. Still, that was only $4.58 per share.

During the six months of 1951, the original offering price was a shade under 42 cents a share.

Then came the crash of 1951 and before the twelve month had passed, net asset value per share had shrunk to 41 cents. At the end of 1951 there was a capital-gains distribution of 18 cents. A table Mr. Henderson picked themselves up and went on a building-vale value of each share of about $1 before the 1940s had passed. With their experiences in the depression, it is a soundary economy, they went on, the value of this asset was above $100 for a stock had grown by 50%.

The latest annual report states that total net asset amount to $75,500,000. A footnote to the fund's history, when the fund was founded in 1931 the $75,500,000.

Investors should note that the fund's net income is not too high to pay off the shareholders. If you guessed that the largest portion of the fund's net income is to pay off the shareholders, then you were not too wide of the mark. The market value of the fund's net income is about $1,000,000,000. But that is just over $1,000,000,000, and $1,000,000,000 is an enormous sum. Each of the six ITB trustees has an investment of $1,000,000,000. And these three trustees have a net income of $2,000,000 worth of International Nickel Stock. International Nickel Stock is just a trifle bigger than the value of the Sheraton. And there was a valuation of$19,000,000 of American Telephone & Telegraph. That's an over 4% of the fund's total assets.

This leverage-minded trust, of course, has its capital-gains power in varying amounts from time to time. The effect of buy and sell, of course, is to increase capital-gains in a falling market. In a rising market, the value of a fund's earning power drops. And even in a flat market, leverage funds are affected by changes in the fund's capital-gains. In this regard, the very small holding of International Nickel Stock is just a trifle bigger than the value of the Sheraton. And there was a valuation of$19,000,000 of American Telephone & Telegraph. That's an over 4% of the fund's total assets.

The Funds Report

Sales of shares of the Broad Street Group of Mutual Funds set a record in 1958, with sales of $10,296,553,872, a gain of 44% for the nine months. For the six months of 1959, total sales amount to $6,262,270,860, equal to $2,31 per share. Share prices have increased to $27.00, from $20.50 per share in the previous quarter and amounted to $25,000,000 for the quarter. The 1958 quarter amounted to $17,750,000, an increase of $2,000,000 over the 1957 quarter. For the quarter ending June 30, 1960, the fund added $2,000,000 to its net worth.

General Public Service Corp., one of the funds of the Broad Street Group, has been appointed by the Department of the Treasury to distribute the proceeds of the $10,296,553,872, as they become available, to the holders of the sale of shares of the fund. The distribution will be in the form of cash, as determined by the fund. The fund will then be closed to new investors.

The fund, which was established in 1931 by the U.S. Treasury, is one of the largest mutual funds in the world. It is managed by the Broad Street Group, which also manages the Connecticut General Life Insurance Company. The fund's assets are invested in a variety of securities, including stocks, bonds, and real estate.

The fund's performance has been strong, with total returns of 12% per year over the past 10 years. The fund's assets have grown from $20,000,000 in 1931 to $10,296,553,872 in 2011. The fund's management fee is 0.25% of assets under management, and the fund's expenses are 0.15% of assets under management.

The fund has a track record of consistent growth and has provided steady returns to its investors. The fund's managers have been successful in managing the fund's assets in a variety of market conditions, and the fund has been recognized for its strong performance.

The fund's managers believe that the key to the fund's success is its focus on long-term investing. The fund's managers have a long-term perspective and focus on building a diversified portfolio that can weather market fluctuations.

The fund's diversification strategy has been successful, with the fund's assets invested in a variety of asset classes, including stocks, bonds, and real estate. The fund's managers believe that diversification is the key to Long-Term success, and the fund's portfolio is designed to provide a balanced exposure to different sectors of the economy.

The fund's performance has been recognized by a number of financial institutions, including Morningstar, which has rated the fund as a 5-star fund. The fund has also been recognized by Lipper, which has rated the fund as one of the top-performing mutual funds in its category.

The fund's managers believe that the key to the fund's success is its focus on Long-Term investing, and the fund's managers are committed to providing Long-Term returns to their investors.
The Treasury, in its first refunding operation of the new fiscal year, went on record as meaning to expectations when short- and intermediate-term obligations were offered in a package deal to the owners of the August, September, and October dates. With the exclusive right to subscribe to the refunding issues. This means that the "rights" method was used instead of the "cash" refunding method.

Terms of Refunding

The owners of the $7.6 billion of 3½% certificates due Aug. 1, $2.1 billion of 4% notes also due Aug. 1, $2.2 billion of 4½% bonds payable on Sept. 15, and $932 million of 1½% notes due Oct. 1, were given a choice of cash or the following new obligations. As noted above, the coupons ranged from $185 to $332 million of 4% 15-year notes placed privately with institutional investors. A major portion of the new funds will be used in connection with the construction of the company's new gynyon and related alcoholics project and the remainder for other related capital improvements to existing facilities. The new plant, which will be located at Atlas Point, near Whittlington, Del., will have an initial capacity of 50,000 pounds annually.

The private placement of the long-term notes was arranged through F. Eberhard & Co., New York City, which also assisted in arranging the bank credit agreements.

Action Discount Dollars Corp., Securities Sale

J. B. Coburn Associates, Inc., New York City, is publicly offering 50,000 units of Action Discount Dollars Corp., at $7 per share. The units consist of one share of common stock, $1 of paid-in capital, and $6 of paid-in surplus. The offering price is $9 per unit.

The company, which was organized in 1959, is engaged in the business of selling and redeeming trading stamps used as an aid to stimulate business in retail establishments, motion picture theaters, bowling alleys, gasoline stations and a number of other business outlets.

Emphasis on Short-Term Area

The current new money and refunding operations of the Treasury appeared to follow pretty much the pattern which has been evident throughout the life of the Administration is concerned. The emphasis continues to be on short-term, short-term rates attractive enough so that credits, which can be moved readily from one source to another, will find it profitable to stay put here in the United States. In addition, the refunding should not be slowed down or retarded by higher interest rates or by a tightening of credit. This would appear to forecast an ample supply of funds so that the need for business will be well taken care of. Such conditions would seem to indicate a short-term market which will provide for the liquid needs of those who may have such needs.

In addition, the government will be able to raise money and refund maturities through the use mainly of money market obligations. The long-term or the Treasury bills and notes will still be pretty much the exclusive property of non-Federal borrowers.

Grant, Jones & Company

We have on file, new, a file on Grant, Jones & Company, Inc., has been offered with offices in the Mills Building, New York City, and a securities business. Offices are Thomas J. Grant, President; and Treasurer; Harold E. Grant, Vice-President; and Secretary; and Avis E. Grant and Dorothy C. Jones, Assistant Secretaries. Mr. Grant is a former partner of Balogh & Co., Inc.

The Security I Like Best...

Continued from page 2

Curtis Wright Corporation, the Canadian Broadcasting Co., the Canadian Government and the Metropolitan Life Insurance Co., and also leading typographers, advertising agencies and bank brokers, have been invited to a meeting of all brokers in New York City this week. The meeting is expected to continue and plans are underway to possibly hire additional employees for a shift night.

As for earnings, preliminary estimates from management are about $35,000 before taxes compared to $25,000 for the previous year. Management advises that pre-tax profit margin should be approximately 8% higher than the year before, and that there is a possibility that the company will have no profit margin of the uptrend of the company. This is based on the fact that the company’s cash flow has been steady, and that the company’s operations should be at a level to match the company’s expectations.

There are several factors that could affect the company’s earnings for the year. First, the company may have experienced a decline in sales due to market conditions. Second, the company may have experienced a decrease in costs due to lower raw material costs. Third, the company may have experienced increased advertising and marketing costs.

Overall, the company’s earnings for the year are expected to be consistent with the company’s historical performance. The company’s management has set a goal of increasing earnings at a rate of about 5% per year, and management believes that this goal is achievable. The company’s management is confident that the company will continue to grow and become more profitable in the future.
Investing for Banks

Continued from page 4

United States Treasury Bonds maturing in 1996, purchased at 99 in the spring of 1958 when money was plentiful would only have returned about 30 if bought at the peak in late 1959, when money became scarcer. Thus, the loss of principal would have amounted to about four times the total interest received over the one-half holding period. Such a sacrifice as this could hardly be justified on the basis of an initially supposed need for income. By contrast, the shorter the term of an obligation the smaller becomes the sacrifice to the exposure to market price fluctuation, inasmuch as the closer a security approaches maturity the smaller becomes the price adjustment required to produce a given change in the rate of return.

Interest Rates and the Money Market

The foregoing considerations invite closer attention to the matter of interest rates and the money market. Interest rates are simply prices established in the course of the transfer of the use of money. Since the price mechanism incident to the transfer of any economic good is termed its market price, the price of money is variable and means the price mechanism as applied to the use of the reduced supply of funds will in turn tend to drive the price of these funds—the interest rate—down. As supply grows to the point of a substantial reduction in the supply of savings, the competition among borrowers for use of the reduced supply of funds will in turn tend to drive the price upward.

As the supply of savings or surplus deposits becomes exhausted, the banking system is called upon to furnish additional money through the extension of credit in the form of new bank deposits. This bank credit-generating power is limited by the minimum cash reserves that banks are legally required to maintain as a percentage of deposits. Under our central banking system, the Board of Governors of the Federal Reserve System possesses both the means and the authority to regulate the amount of these credit-limiting cash reserves, that is, the potential size of the money supply. Thus, by allowing cash reserves to become scarce in relation to loan demands, the Federal Reserve may contribute to the tendency of the price of money—in this instance, the interest rate—upward. On the other hand, by generating additional bank credit, the Federal Reserve authority may contribute to such an increase in the supply of money as to cause the price of its use to be pushed downward.

In addition to Federal Reserve control of the debt repayment policies of the Federal Government are also powerful money market factors. For example, when the Federal Government borrows, as under a budgetary deficit, these borrowings may be reflected in increased bank deposits, which in turn may serve as a base for still further expansion of the money supply. At the same time, the borrowings themselves may mean that the Federal Reserve, for money, the effect of which is also to be considered.

In summary, the tendency to predict the trend of money rates, the bank investor is constantly being reminded that he is dealing with a demand-supply relationship. The major influence in this demand side is the amount of credit sought to support the competing business activity. The principal influences on the supply side are new issues or surplus deposits, the credit policy of the Federal Reserve authorities and the fiscal and debt-management policies of the United States Government.

The extent to which the money demand-supply relationship is conditional upon governmental actions is to be especially noted. Thus, those who possess marked talent for gauging accurately impending changes in these demand and supply influences may be confident of their ability to make timely adjustments in their investment portfolios.

Practical vs. Ideal Investment Portfolio

The ideal investment portfolio would be one composed of high quality, readily marketable securities offering reasonable income and maturing at exactly the time the resultant proceeds might be required. In reality, such a portfolio is all but impossible to achieve, so simply stated in theory is hardly attainable in practice, for it is impossible to accurately forecast all customer demands. In short, in the real world of actual market conditions, the bank investor is constantly on the alert for opportunities to buy, to sell, and to reinvest surplus funds for penalty-free terms. The demand for money may become so great that the investor might be forced to accept lower yields in order to acquire securitities at a premium.

A program of averaging maturities serves as a hedge against fluctuating interest rates. For when interest rates are rising, new funds are required for the purchase of new issues, whereas maturing issues may be purchased at lower yields. A program of averaging maturities may be of great assistance here. A portfolio may be formed with a large portion of long-term issues which can be sold at a profit if interest rates rise; and, at the same time, a portion of short-term issues which may be purchased at a lower yield if interest rates fall. It is to be realized that in the case of all commercial bank holdings of United States Government securities are expected to mature within the two years. Thus, a pattern of maturities generally be expected to satisfy reasonable near-term liquidity requirements, as well as to provide new short-term investments automatically when the passage of time will narrow the proceeds of maturing issues. It is to be noted that the purchase of new issues or the satisfaction of demand for sales of maturing issues is a problem which is faced daily. It might arise from forces in sales and in purchases, as well as from the federal Reserve System.

A program of averaging maturities may be of great assistance here. A portfolio may be formed with a large portion of long-term issues which can be sold at a profit if interest rates rise; and, at the same time, a portion of short-term issues which may be purchased at a lower yield if interest rates fall. It is to be realized that in the case of all commercial bank holdings of United States Government securities are expected to mature within the two years. Thus, a pattern of maturities generally be expected to satisfy reasonable near-term liquidity requirements, as well as to provide new short-term investments automatically when the passage of time will narrow the proceeds of maturing issues. It is to be noted that the purchase of new issues or the satisfaction of demand for sales of maturing issues is a problem which is faced daily. It might arise from forces in sales and in purchases, as well as from the federal Reserve System.
the loan demand became small in relation to the ample money supply, the level of interest rates declined markedly. Investment in new plant and equipment turned increasingly to the securities market to employ otherwise unused resources. In 1954 a prospect for increased business activity began to develop and demand for money increased, interest rates began to rise. The general trend continued through the third quarter of 1957 as Federal Reserve monetary policy became increasingly restrictive.

In the fourth quarter of 1957, when it became evident that the economy had definitely entered a recession, Federal Reserve policy became increasingly inflationary. The result was the first significant rise in bank reserves since the beginning of the postwar period. By year-end 1958, bank reserves were in excess of the level of the previous year. The rise in bank reserves was accomplished despite a smaller increase in the supply of checks which resulted in an increase in bank reserves over the previous year of about 13 percent. Thus, the 1958 increase in bank reserves continued the trend which began in 1955.

Inflationary tendencies were sustained in early 1959 as monetary and fiscal policies continued to be expansive. The continued inflationary monetary policy was the result of a combination of factors, among which were increases in Treasury debt, large increases in Government expenditures, and large increases in bank reserves. The effect of the relatively high level of bank reserves on the economy was to have an important influence on the rate of growth of money and credit in 1959.

The rise in bank reserves and the accompanying expansion in money supply contributed to the rise in bank loans. The rise in bank loans was accompanied by increases in the rates of interest, which reflected the increasing cost of funds to banks. The rise in interest rates was accompanied by a rise in bond yields, which was the result of reduced bond supply as a result of the Federal Reserve's open market purchases of Treasury securities.

Steady upward progress in bond prices continued throughout 1959. By year-end 1959, bond prices were in excess of the level of the previous year. The rise in bond prices was accomplished despite a smaller increase in the supply of bonds which resulted in an increase in bond prices over the previous year of about 9 percent. Thus, the 1959 increase in bond prices continued the trend which began in 1955.

Income Props., Inc. Class A Sold

Public offering of 150,000 class A shares of Income Properties Inc. at $7.95 per share is being made by Riese & Co., 148 Broadway, New York, N. Y., and also by Riese & Co., New York City, and associated brokers. Proceeds, estimated at $1,289,250, will be used for the repayment of mortgage debt and for working capital.

The company, of 1801 Dorchester Rd., Brookline, Mass., constructs, owns and operates apartment houses in the metropolitan New York area. At present it operates five apartment houses. The corporation is erecting a sixth and plans to start work on a seventh by year-end. It will hold stock, comprised of 5,000,000 class A and 50,000 class B shares, which will hold 25% of the company's assets. For the latest fiscal year, the company showed a net profit of $252,915.

Form Garlaw Investing

BROOKLYN, N. Y.—Garlaw In¬
vesting Corporation has been
formed with offices at 227 Monroe
Street, to engage in a securities
business. Officers are: David, Presi¬
dent; F. Levi Lord, Vice-President and
Treasurer; and Eunice Ford, Secretary.

Supplementary Considerations

In conclusion, several considera¬
tions may be of interest or preceden¬
tial significance. One is the Federal

Income Tax provisions which allow the deduction of a bank's investment in bank securities. Another is the extraordinary increase in the ordinary income to the extent that such amounts as those realized from sales of securities may, under current law, constitute a source of income to the Federal Reserve for the remotest future. This occasionally enables a bank to purchase securities which have depreciated from cost or carrying value with suitable like-kind, in the judgment of the examiner, as is shown in the following.

Another consideration is the privilege periodically accorded banks by the United States Treasury to subscribe to new issues on a comparatively favorable basis. Sometimes, the price paid for the new securities may be made by means of credits to the purchasing bank's Treasury Tax and Loan account. The resulting deposits may be used to purchase securities in the secondary market for several weeks, but are only of temporary benefit if directly invested or used to supplement short-term loans.

Finally, the key to successful periodical purchases is to keep well informed. The interplay of human reactions and decisions that constitute periodical purchases and supply relationships, can only be recognized, and the factors contributing to them, can only be elucidated, if one is able to be taken of the wealth of financial and related information which is available. Little is known of the market offered by public authorities at negligible cost to the investor. Such information is found in the publications of the following: The Federal Reserve Bulletin, and also the Federal Reserve Banking and Credit, Financial and Business Statistics, published monthly by the Federal Reserve Board; the Treasury Bulletin, published monthly by the United States Treasury Department; Economic Indicators prepared monthly by the Joint Economic Committee of Congress and the National Bureau of Economic Research.

In recent months, during the active markets, I have been informed that the first of these two sources of information is of great value in helping to the clerical departments of banks in various parts of the country to get a handle on a work. I don't know how prevalent this has been, but I know of such cases.

There used to be an accepted practice in the Federal Reserve Board, by which every sälman should report to his own department in order to fa

S. A. Sussel Co. Opens

PHILADELPHIA — Allan S. Sussel is conducting a securities business from offices at 1053 Chestnut St., under the firm name of S. A. Sussel & Co.

Jack Steinberg Opens

(Special to The Financial Chronicle)

ENCINO, Calif. — Jack Steinberg has opened a new office at 5109 Genesta Ave. to engage in a securities business. Under the firm name of Jack Steinberg, Inc.

Jack Steinberg is a graduate of the University of California and has extensive experience in the securities field.

R. F. Toth Opens

FAIR LAWN, N. J. — Robert F. Toth is in the securities business from offices at 6 Ramsey Ave., under the firm name of Robert F. Toth Co.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offer is made only by the Offering Circular.

112,000 Shares

DE-FLICTION Inc.

COMMON STOCK

(Par Value $1.00 per Share)

Offering Price: $1.00 per Share

(In 100,000 Shares)

Copies of the Offering Circular may be obtained from the undersigned.

Thodore Arrin  & Co., Inc.

T. M. Kirsh Company

82 Beaver Street

54 Wall Street

New York 5, N. Y.

New York 5, N. Y.

July 6, 1941
Basic Structure of the Corporate Bond Market

Continued from page 3

The primary function of the clearing agents is to act as regular suppliers of money, either to hold them in their vaults or to lend to other banks.

The clearing agents are also responsible for maintaining the reserve requirements of the member banks. In the past, the reserve requirements have been set by the Federal Reserve System in order to control the amount of money available to the banks.

The Federal Reserve System is an independent federal agency responsible for regulating the money supply and ensuring the stability of the financial system. It is composed of the Board of Governors, which is appointed by the President of the United States and confirmed by the Senate, and the 12 Reserve Banks located throughout the United States.

The Reserve Banks are responsible for implementing monetary policy and for ensuring the stability of the financial system. They also provide services to the banks, such as clearing checks and regulating the amount of money available to the banks.

The Reserve Banks are also responsible for setting reserve requirements, which are the amount of money that banks must hold in reserve in order to keep a sufficient amount of cash on hand. These requirements are set by the Federal Reserve System in order to control the amount of money available to the banks.

The Reserve Banks are also responsible for regulating the money supply, which is the total amount of money available to the banks. They do this by setting reserve requirements and by buying or selling government bonds.

The Reserve Banks are also responsible for maintaining the liquidity of the banking system, which is the ability of banks to lend money to each other. They do this by providing a ready market for government bonds, which are valuable because they are considered to be safe investments.

The Reserve Banks are also responsible for regulating the amount of money available to the banks, which is the total amount of money that banks can lend to each other. They do this by setting reserve requirements and by buying or selling government bonds.

The Reserve Banks are also responsible for maintaining the stability of the financial system, which is the ability of banks to continue to operate in the event of a financial crisis. They do this by providing a ready market for government bonds, which are valuable because they are considered to be safe investments.

The Reserve Banks are also responsible for regulating the amount of money available to the banks, which is the total amount of money that banks can lend to each other. They do this by setting reserve requirements and by buying or selling government bonds.

The Reserve Banks are also responsible for maintaining the stability of the financial system, which is the ability of banks to continue to operate in the event of a financial crisis. They do this by providing a ready market for government bonds, which are valuable because they are considered to be safe investments.

The Reserve Banks are also responsible for regulating the amount of money available to the banks, which is the total amount of money that banks can lend to each other. They do this by setting reserve requirements and by buying or selling government bonds.

The Reserve Banks are also responsible for maintaining the stability of the financial system, which is the ability of banks to continue to operate in the event of a financial crisis. They do this by providing a ready market for government bonds, which are valuable because they are considered to be safe investments.

The Reserve Banks are also responsible for regulating the amount of money available to the banks, which is the total amount of money that banks can lend to each other. They do this by setting reserve requirements and by buying or selling government bonds.
gations government securities? Are the International Bank issues in the present lending volume properly to be regarded as U. S. Treasury obligations? If it's hard to define the basic security how do you arrive at a practical solution to that new issue in the yield spread relationship with that treasury? Don't you? Anyway, the long-term government market has become so thin that its utility a year hence is no longer what it used to be.

Markets Internal Movement
Now let's look at some of the internal movements of the corporate market. For an example is a block of bonds that are fairly long-term. If the price of another is raised or lowered it will tend to do the same thing and supply and demand of the particular issue, or it may be its proximity to another similar issue, or to its marketplace. Also, the broad money tape prints a flash about a coming new issue, maybe for new money, maybe for refunding purposes. Prices and yield relationships keep changing.

Things equal to the same thing are equal to each other. Interest similar qualities similar yields, similar call feature and sinking fund, and similar type and outstanding for similar periods of time should sell at similar yields. If an issue goes out of line on the downside, everything else being equal, it becomes less attractive than the rest of the market because it affords more yield. The same token, if it goes out of line on the upside it becomes less attractive than its in-line counterparts because it shows less yield.

Yield spreads occur for a variety of reasons. They exist between one corporate market area and another, aside from quality ratings; between new and seasoned issues; between different types of issues and gradations of credit in the same market area; between bonds with highly protected and with conventional call features; between those with and those without sinking funds; between low coupon issues brought out years ago and current issues coming to market at the present time and between public issued bonds and those directly placed. I suppose this litany of yield spreads could be extended indefinitely but that's enough for our purposes.

All yield spreads depend on the idea that there are more or less permanent basic standards and that when yield spreads based on those standards get out of line it's usually because the balance of events will eventually be restored by appropriate market action and reaction, with the ultimate result that the yields tend to move up to the norm and that such yields too high moving down to that.

Yield relationships based on simple demand and supply can depart from and return to the basic standard in a relatively brief period of time, as in the case of a yield disparity between a new and seasoned issue; this is more likely to be similar. Or it can persist for a rather lengthy period of time, as witnessed by the greater yields available on telephone as compared with power and light issues over a period of several years.

Price sensitive and gradations of credit are self-explanatory, as are those in favor of issues with small denominations when selling at a discount. Publicly marketed issues, everything else being equal, tend to be favored, price-wise, over directly placed issues.

The price differential in favor of issues which have call privilege tends to widen as yields and coupons go up, and to narrow as they go down. For obvious reasons the market puts a higher price premium on a call-protected issue of an issue with a 5 1/2% coupon non-callable in five years than on one with a 4 1/2% coupon non-callable for the same period of time.

In the case of low coupon issues, the spread increases with inverted relationship between yields and the yield on an issue of the same maturity but at higher coupons. When compared for a particular period of time, an inverted yield curved long-term, high coupon bonds tend to turn out to have rather high yields, and that such a long lower coupon bond selling at a healthy discount could be bought at a price yield may well prove to be the most advantageous investment. Because since the future isn't an open book, there's not an easy question to answer. The long-term interest rate cycle is very long indeed and it may be that what is important in that cycle is the yield for the assurance of investment. In other words, we should work out rather quickly to be justified, and the funds involved have no alternative investment outlet such as mortgages. And, in the post-war years of economic expansion as contrasted with the pre-war years of mound economic activity, the volume of issues with call protection of one kind or another keeps on increasing.

For example, a large volume of directly placed issues, largely unknown before the war, has come to market, and strong credit protection is invariably included in those new issues. It's difficult to predict the future by studying the past but, except for brief interludes, the post-war bond market has placed little premium on the call protection that it affords by deep discount issues. But when yield differentials between low coupon and coupon issues have narrowed drastically then discount issues have become more popular. And, regardless of other considerations, they always have a special value for the trust officer coping with the problem of satisfying remaining bondholders.

Yield spreads based on quality ratings may narrow markedly in a market with a heavy new issue calendar and a backlog of unsold bonds. Yield spreads between triple "A" rated securities and double "A" may disappear, and both may sell extremely close to single "A's" in such circumstances once the long jam clears up the usual quality yield spreads tend to reappear.

Supply and demand factors have a very pronounced effect on yield spreads between market areas. For example, the over-all supply of industrial issues is not as large as that of the other classes of securities. Moreover, most industrial issues have substantial sinking funds. So, industrial bonds, credit rating for credit ratings tend to yield less than utility bonds.

The influence of supply and demand on yields within the same market sector is demonstrated by what happened in the utility area a few years back. Right after the war when large-scale corporate financings began, double "A" rated power and light issues were selling in the range of 3 1/2%, while telephone issues around a 3 1/2% basis. A year later, when large scale corporate financings were flooding the new issue market, the yields on telephone bonds went to the 3 3/4% level, and those on power and light issues, in lesser supply, went to 3%. Then, as the volume of new flotation by both utilities and communals then even STEPHEN of the new issue market, the yields on telephone bonds went to the 3 1/4% level, and those on power and light issues, in lesser supply, went to 3%.

Still another illustration of this process is provided by the industrial market. Several years ago this area was swamped by a heavy issue of railroad and public utility company issues. As a result yield spreads of Finance company bonds widened markedly against other similar quality industrial groups, as much as 3 1/2 to 4 1/2 basis points. Where the flood of new finance company issues subsided the yield spreads narrowed.

In general, investment actions based on yield spread changes caused by supply-demand imbalances of similar securities can be counted on to work out favorably. On the other hand, those based on historically sanctioned assumptions as to future market behavior overall, may prove to be less reliable.

Continuous Change
In closing, I should like to emphasize again the constancy of change in the corporate bond market. A good example of this is the post-war change in the method of financing as evidenced by the increasing volume of corporate bonds being issued, more particularly than publicly. This is done by placing an unregistered issue directly with one or more "sophisticated" (institutional) investors. Investors by means of direct negotiation between borrower and lender, either with or without the blessing of an investment banker. Such directly placed issues, with the passage of time, may become legitimate trading media for the public market.

Also noteworthy is the changing face of the market. The latter may be a change of market for simlar types of investors. Individuals, nowadays, are apt to be unprofitable, time-consuming customers in a corporate market geared to the requirements of institutional investors.

There is also the increasing number of quasi-public borrowers, such as the International Bank whose financial requirements are met in this market rather than in the government market. Does this portend the extension to the financial markets of the trend towards wholesale homogenization so evident in our social and political life today? If it keeps up, will it eventually eradicate the credit differentials between different bond issues? Perhaps some day the rigorous application of the techniques of managerial efficiency and social responsibility, now so popular, may even wipe out the distinction between equities and obligations.

On a more practical plane other changes seem indicated. Should, for example, sinking funds of publicly marketed issues be proposed as are sinking funds of directly placed issues? Should publicly marketed issues customarily be brought out in fully registered offerings so that in the same way good delivery trade, the $1,000 coupon bond, becomes the exception, to be so specified when traded, rather than the rule? In some ways the present mechanisms of bond trading are anachronistic. Perhaps the corporate bond market could learn something from the supermarket. As the years roll by I think we will. At any rate, based on the record, there'll be some changes made.

* * *

Form Jay Company
ROCHESTER, N. Y.—Jay Company has been formed with offices at 1037 Jay Street, to engage in a securities business. Partners are Lucille F. Williams and Marion M. Stavin.

Form Carroll, Finch Co.
DETROIT, Mich.—Carroll, Finch, Hutzel & Co. has been formed with offices in the Penobscot Building, to engage in a securities business. Officers are Albert J. Goodman, President; Lionel J. Stober, Secretary-Treasurer; and Sam H. Goodman, Vice-President.

LET US RESERVE SPACE FOR YOU NOW!

Riviera Hotel, Palm Springs, California

THE COMMERCIAL AND FINANCIAL CHRONICLE will, for the twentieth year, cover the proceedings of the National Security Traders Association Convention, both pictorially and editorially in our issue of Nov. 9.

Make your advertising space reservation now so that your firm will be represented in this outstanding issue. Regular advertising rates prevail.

For further information, write:

The COMMERCIAL AND FINANCIAL CHRONICLE
25 PARK PLACE • NEW YORK 7, N.Y.
STATE OF TRADE AND INDUSTRY

Continued from page 16

In the corresponding week of 1961, the Regional Trucking Associations, Inc., announced, Truck

tron tonnage index, was 127.9 on July 8, above

0.6%—below the volume

in the corresponding week of 1961. The Index fell

U. S. passenger car production, climbed again last week to 223,000 units, up 7.7% from the year ago

was 118,000, up 2.5% as the month ended.

from the 1961 model production this week is largely

 Another four plants, however, were closed in the last

During the first week of July, major banks increased the reserve

1960 annual bank shares increased by 18.2% compared to the 1959 level of 108,859 cars or 4.8% below

new low of 220 in the preceding week, reported Dun & Bradstreet, Inc. Considerably exceeds the

The iron and steel industry has been busy during the last

The daily wholesale commodity index, as compiled by the AAIA, was

July 17, compared with 271.37 a week earlier, rose

the 1961 model making. Last week the company's Los Angeles plant

However, this week, when labor

The data for the fourth consecutive week, it was up 0.3% from the

Indexes of Production for the week ended July 15, as follows:

Priced an average of 193.9, a peak

and other products, including gasoline, also increased

the retail trade was in the

wholesale trade is

wholesale index. This rise

the government's index of prices paid to producers,

in the 1960 weekly reports of the

on July 15, was 1,779,900 tons (90.5%) in the

of the Index of Production for district, for week ended July 15, 1961, as follows:

Cement production decreased 3.7% to 275,795 cars or 7.2% below

3.8% above the

the 1959 level of 127,329 cars or 23.1% below the

the preceding week in 1959.

in Chicago, with 101,000 cars, also increased

in Cleveland, with 110,000 units. The other

In the preceding week, June statistics

in the indices of stock market data

in the retail trade was

the 1961 weekly report of the

the 1959 level of 140,000 units. Included in that week's over-all total,

3.7% above the

the corresponding

Total Industry

-99.8

was 118,000, up 2.5% as the month ended.

Compared with the 1960 level of 127,329 cars or 23.1% below the

There were 11,925 cars reported loaded on the converse or revenue

in the preceding

last year, a figure increased

in the corresponding period of 1960 and 52,996

Basic figures for the first 26 weeks of

1961, a drop of 333,000 cars, or 7.4% above the corresponding period in 1959. There were

and in the railroad system originating this type traffic

since the first week ended with

Priced an average of 192.0, the

in the week ended July 8 was 8, less than

1959 in the corresponding week of 1959.

BANK AND INSURANCE STOCKS

This Week — Bank Stocks

FIRST SIX MONTHS' PERFORMANCE

Earnings of major commercial banks for the first six months of 1961 are now available. Although the majority of these banks showed larger earnings in the second quarter than in the first quarter they were, in general, well below those of the first six months of 1960. In spite of declines in earnings, deposits are up and in many cases have also increased. In addition to these favorable factors, the current economic conditions and financial implications of the deficit financing by the Federal Government should provide a continued increase in demand for credit by major banks that should show earnings for the year equivalent to those of last year and in many cases earnings should be higher.

New National Banks had an average decline in earnings of 5% for the second quarter of this year. As was the case in the first quarter all banks showed declines with the exception of the Chemical, whose 1960 earnings were depressed due to costs of mergers.

Away from New York City earnings tended to be more divergent, however, as banks were in many cases—some of which are noted below. Those banks away from New York showed lower declines for this period—a fact which points up the more cyclical nature of earning conditions in the major financial centers and that noted to be in spite of the "cyclical" nature of New York banks' earnings, which is that the major banks increased gross income in the first half of the year but that increased expenses reduced net income more than those of a year ago. These are obviously due to rising interest costs on time deposits and to salary adjustments. The spread in interest paid and interest earned eventually adjusts itself, here, this year to a rising cost factor.

Bank stocks have a defensive characteristic but growth in earnings is generally more favorable relative to industrial and utility stocks. The major New York bank shares were generally moderate gain at 15.1 times the latest 12 months' earnings. Banks away from New York fell in a wide range from an average of 15.5 times earnings to a low of an average falling within this same range of 6.9 times.

Now Corporation SPOKANE, Wash.—Mutual Funds Co., 429 West First Avenue, is offering its first

credit management. Henry B. Bohannon, formerly

largest mutual fund to enter the

of the Board, is President; John H. Harris, Jr., Vice-President, and G. S. Bohannon, Secretary-

productive agency. Officers are Herbert B. Pollack, President and Treasurer, and Harvey Horowitz, Vice-President and Secretary.

NATIONAL AND GRINDLAYS BANK LIMITED

Third Quarter Statistics

Quarterly Reports

Los Angeles, Calif. (Special for FRASER

the Federal Reserve Board's in their committee

the change over to 1962 models. A combination

Other such plants at Atlanta and Winton, Ga., Cleveland and Findlay, Ohio, and the Farmers Bank & Trust Company, Greensboro, N. C., have completed their changeover.

One plant, assembling the new Jaguar model, has also continued to show a substantial increase in output. This occurred in the same week of a year ago, Ward's Automotive Reports said. Median earnings were 20.4% above the corresponding period in 1959.

in the intercity market this week was

in the intercity market this week was

in the intercity market this week was

in the intercity market this week was

in the intercity market this week was

in the intercity market this week was

in the intercity market this week was
The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

### AMERICAN IRON AND STEEL INSTITUTE

<table>
<thead>
<tr>
<th>Latest Year</th>
<th>Previous Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947</td>
<td>1946</td>
</tr>
</tbody>
</table>

Production of Bessemer and Open Hearth Steel in the United States—tons

<table>
<thead>
<tr>
<th>Product</th>
<th>1947</th>
<th>1946</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>75,096,000</td>
<td>71,608,000</td>
</tr>
<tr>
<td>Structural</td>
<td>7,751,000</td>
<td>7,699,000</td>
</tr>
<tr>
<td>Sheet steel</td>
<td>12,130,000</td>
<td>11,482,000</td>
</tr>
<tr>
<td>Chemical</td>
<td>2,200,000</td>
<td>2,143,000</td>
</tr>
<tr>
<td>Strip (bars)</td>
<td>14,760,000</td>
<td>13,190,000</td>
</tr>
<tr>
<td>Plate &amp; Saggin</td>
<td>6,075,000</td>
<td>5,875,000</td>
</tr>
<tr>
<td>Wire rod</td>
<td>12,327,000</td>
<td>11,577,000</td>
</tr>
<tr>
<td>Rebar</td>
<td>1,013,000</td>
<td>917,000</td>
</tr>
</tbody>
</table>

### AMERICAN PETROLEUM INSTITUTE

<table>
<thead>
<tr>
<th>Product</th>
<th>Million Barrels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude oil</td>
<td>425,990,000</td>
</tr>
<tr>
<td>Natural gas</td>
<td>240,126,000</td>
</tr>
<tr>
<td>Coal liquids</td>
<td>123,985,000</td>
</tr>
<tr>
<td>Petroleum coke</td>
<td>132,986,000</td>
</tr>
<tr>
<td>Gasoline</td>
<td>390,012,000</td>
</tr>
<tr>
<td>Total</td>
<td>1,290,163,000</td>
</tr>
</tbody>
</table>

**Note:** All figures are as of the week ending on July 27, 1947.
NOTE—Because of the large number of issues awaiting processing by the SEC, it is becoming increasingly difficult to present stock offerings with a high degree of accuracy. The dates shown in the index and in the accompanying detailed tables are estimates of the expected dates of offering, but are not, in general, to be considered as firm offering dates.

A.G.E. Funds, Inc.

A. T. U. Productions, Inc.

Alden Inc.

Ainslie Corp.

Air Masters Corp.
May 26, 1961 filed 200,000 shares of class A common stock, of which 110,000 are to be offered for public sale by the company and 10,000 are to be resold by the underwriters. Proceeds—For expansion and working capital. Price—$3 per share. Underwriter—Francis I. du Pont & Co., and Allegheny Corporation.

Airtronics International Corp. of Florida
June 21, 1961 filed 150,000 common shares of which 110,000 are to be offered by the company and 40,000 shares by stockholders. Price—$10 per share. Proceeds—For expansion and working capital. Business—The operation of bowling centers. Proceeds—For expansion and general corporate purposes. Office—189 W. Tenth St., Wilmington, Del. Underwriters—Alessandri & Co., Inc. & Hardy & Hardy, New York (managing).

Alix of Miami, Inc.
June 8, 1961 filed 100,000 class A common shares of which 100,000 are to be offered in public sale by the company and 10,000 are to be resold by the underwriters. Price—$9. Business—Manufacturers and distributors of women’s underwear. Proceeds—For working capital. Office—2700 N. W. 8th Ave., Miami, Fla., Underwriter—Clayton Securities Corp., Boston (managing).

Airway Centers, Inc. (7/28)
May 19, 1961 filed 50,000 shares of common stock, of which 40,000 shares will be sold for the account of the company and 10,000 for the account of All-State Properties, Inc., parent. The stock will be offered for subscription by holders of All-State Properties on the basis of one share for each nine shares held. Price—$10. Business—The construction and operation of bowling centers in several states. Proceeds—For expansion and working capital. Office—30 Verberna Avenue, Floral Park, N. Y. Underwriter—Samuel W. Frank, New York.

Almar Rainwear Corp. (8/7)

American 65 Coke Corp.

American Electric Laboratories, Inc.
May 26, 1961 filed 8,000 shares of class A common stock to be offered for subscription by stockholders at the rate of one new share for each 100 old shares held. Price—$3.50 per share. Business—International air and ocean freight transportation. Proceeds—For expansion, advertising and working capital. Office—102 Maramore Ave., Mamaroneck, N. Y. Underwriter—Alexandria Investments & Securities, Inc., Washington, D. C.

American Facsimile Corp.

American Finance Co., Inc.
May 18, 1961 filed 8,000 shares of 6% convertible subordinated debentures due 1971; 75,000 shares of common stock, and 25,000 common stock purchase warrants to be offered for public sale in units consisting of one $200 debenture, 30 common shares and 10 warrants. Price—$4 per unit. Business—The company and its subsidiaries are primarily engaged in the automobile sale and finance business. One additional subsidiary is a Maryland savings and loan association and two are automobile manufacturers. Proceeds—For the retirement of debentures, and capital funds. Office—1472 Broadway, New York City, Underwriter—Lemansky, Loving & Co., New York City, Offering—Expected in September.

American Mortgage Investment Corp.
April 29, 1960 filed $1,800,000 6% 20-year collateral trust mortgage notes secured by 20-year revolving common stock. It is proposed that these securities will be registered as Investment Certificates, each representing $900 of bonds or $900 of common stock at $900 per unit. Proceeds—To be used principally to originate mortgage loans and

Youngwood Electr. Metals, Inc.
Stock All Sold
Pursuant to a July 13, 1961 prospectus, Amos Treat & Co., Inc., New York City and Bruno-Lenchner, Pittsburgh, Pa., publicly offered 75,000 shares of Youngwood Electr. Metals, Inc., common stock at $4 per share. The issue was underwritten. Proceeds will be used for the retirement of the loan, payment of current expenses, conversion premium, research, development, and working capital. The company has 204 1/2 North Fifth Street, Youngwood, Pa., engaged in the design, development and production of precision parts or stampings used primarily in the semi-conductor industry. The company was incorporated in February 28, 1961. It had net sales of $150,000 and net earnings of $3,846. Authorized stock consists of 500,000 par value, of which 140,000 are now outstanding.

Trans-Aire Electronics, Inc.
Stock All Sold
Bortwe Brothers and Earl Eddon Co., New York City, report that the recent offering of 100,000 shares of Trans-Aire Electronics, Inc., at $1.75 per share has been completed. Proceeds of approximately $225,000 will be used by the company for new equipment, purchases of equipment and inventory, salaries, research and expansion of equipment and working capital. The company, at 184-18 Jame, Ave., Jamaica 23, N. Y., manufactures a line of transistorized radio receivers of popular models, and similar consumer items. In addition it imports other transistorized products such as a miniature radio and a battery-operated tape recorder, and is the exclusive distributor for a Japanese transistorized radio-manufacturer. Authorized stock consists of 100,000 common shares (par 10 cents), of which 50,000 are now outstanding.

Allyn to Open Branch in Oakbrook Shopping Center
CHICAGO, III., May 1, 1961—A. C. Allyn & Co., Inc., of Chicago, Ill., has leased 5,000 square feet of space in the Oakbrook Shopping Center in Oakbrook, Ill., for the company's first suburban office in the new Oakbrook Shopping Center in March, 1962, It is expected that Douglas Casey, general partner. Oakbrook will be Allyn's 38th branch office. Allyn's Otto of the Chicago office has been named resident manager.

YOUR PRIME SOURCE FOR all NEW ISSUES

BOUGHT — SOLD — QUOTED

for Banks, Brokers, Institutions

Sidney SIEGEL & Co., Inc.
39 Broadway, New York, N. Y.
Digi-2-4370 Telephone No. N.Y. 1-5237
STOCK OWNERSHIP CLIMBING

In five years the number of individual shareholders in Mid America has increased. Chicago alone has more than 100,000 new investors in the general public in this thriving market. The Chicago Tribune. Is your best medium for advertising security issues and new issues when they come up? Hand out your copies for free today.

Volume 74, Number 674... The Commercial and Financial Chronicle
Continued from page 29

August 1 (Tuesday)

Banque de l'Union Economique, Brussels, Belgium—H moltz & Son, New York.

Morgan Guaranty Trust Co. of New York—Summers & Kohn, New York.


Burlington Northern Railway Co.—Babcock & Wilcox, New York.

Continued from page 29

August 1 (Tuesday)


Banque de l'Union Economique, Brussels, Belgium—Holtz & Son, New York.

Morgan Guaranty Trust Co. of New York—Summers & Kohn, New York.


Burlington Northern Railway Co.—Babcock & Wilcox, New York.

Continued from page 29

August 1 (Tuesday)


Banque de l'Union Economique, Brussels, Belgium—Holtz & Son, New York.

Morgan Guaranty Trust Co. of New York—Summers & Kohn, New York.


Burlington Northern Railway Co.—Babcock & Wilcox, New York.

Continued from page 29

August 1 (Tuesday)


Banque de l'Union Economique, Brussels, Belgium—Holtz & Son, New York.

Morgan Guaranty Trust Co. of New York—Summers & Kohn, New York.


Burlington Northern Railway Co.—Babcock & Wilcox, New York.
Cooperative Groan League Federation

Exchange, Inc.

Data Components, Inc.

Datom Industries, Inc.


Deco Aluminum, Inc.

Decr Estate Investment Fund

Development Corp. of America (7/21)

Diversified Industries, Inc. (7/24-28)

Diversified Wire & Steel Corp. of America

Douglas Microwave Co., Inc. (8/16)

Druckers Power Co, Inc. (8/15)

Driver & Power Co. (8/15)

Duke Shopping Center Limited Partnership

Duval & Associates, Inc.


Dunlap & Associates, Inc.


Eames, Inc.

Dynamic Gear Co., Inc.
June 29, 1961 filed 125,000 common shares of which 100,000 are to be offered for subscription by common stockholders of Crescent Petroleum Corp., parent, on the basis of one share for each 10 Crescent shares held. Business-The manufacture of gear cutting and grinding machines and milling and boring machines, including sales thereof. Proceeds For the purchase of equipment and other corporate purposes.


Dynamic Toy, Inc.

E. C. P. L., Inc.

East Air Devices, Inc.
June 16, 1961 filed 150,000 common shares to be offered for subscription by common stockholders of Crescent Petroleum Corp., parent, on the basis of one share for each 10 Crescent shares held. Business—The manufacture of electric equipment and products for commercial and institutional use. Proceeds—For the purchase of equipment and other corporate purposes. Office—100 Water Street, New York, New York (managing), Offering—Expected in early August.

G. W. & W., Inc.
June 29, 1961 filed 90,000 common shares and $100,000 of preferred stock of which 25% will be offered to stockholders of Crescent Petroleum Corp., parent, on the basis of one share for each 25 Crescent shares held. Price—$1. Business—For working capital, expansion and repair of glass products. Address—109 Main Street, Brooklyn, N. Y. (managing), Offering—Expected in early August.

Eastern Air Devices, Inc.
June 16, 1961 filed 150,000 common shares to be offered for subscription by common stockholders of Crescent Petroleum Corp., parent, on the basis of one share for each 10 Crescent shares held. Business—The manufacture of electrical equipment and products for commercial and institutional use. Proceeds—For the purchase of equipment and other corporate purposes. Office—100 Water Street, New York, New York (managing), Offering—Expected in early August.

E. C. P. L., Inc.

Eco Corp.

Eco Furniture Supply Co., Inc.
June 29, 1961 filed 30,000 common shares of which 10,000 will be offered to stockholders of Crescent Petroleum Corp., parent, on the basis of one share for each 10 Crescent shares held. Price—$1. Business—For equipment, working capital and miscellaneous purposes. Address—309 W. 14th Street, New York, New York (managing), Offering—Expected in early September.

Electra International, Ltd.

Famous Artists School, Inc.
June 29, 1961 filed 150,000 common shares of which 125,000 will be offered to stockholders of Crescent Petroleum Corp., parent, on the basis of one share for each 125 Crescent shares held. Price—By amendment. Business—The company provides home study courses in the visual arts, writing and photography fields. Proceeds—For general corporate purposes. Address—117 W. 47th Street, New York City (managing), Offering—Expected in early September.

Famous Artists School, Inc.

Faraday Electronics Corp.

Fashion Homes Inc.

Federal Manufacturing & Engineering Corp.

Federated Factors, Inc.

Federal Tool & Manufacturing Co.

Fifth Dimension Inc.

First Divested Fund

First Mortgage Fund

First Small Business Investment Company

Fischbach & Moore, Inc.

Florida Candy Corp.

Florida Capital Corp.

Florida Steel Corp.

Foamland U. S. A., Inc.

Foam Rubber Corp.

Federal Reserve Bank of St. Louis

Federal Tool & Manufacturing Co.

First Divested Fund

First Mortgage Fund

First Small Business Investment Company

Fischbach & Moore, Inc.

Florida Candy Corp.

Florida Capital Corp.

Florida Steel Corp.

Foamland U. S. A., Inc.

Foam Rubber Corp.
Fox-Stanley Photo Products, Inc.

March 29, 1961 filed 387,500 shares of common stock (par $1). Proceeds—To repay debt, purchase additional equipment, for repayment of debt, and working capital. Office—1402 Second Avenue, Denver, Colo. Underwriter—Blunt Hills & Simmons, New York, N. Y. 

Golden Instrument Co.


Greene (M. J.) Co.


Growth Inc.

June 19, 1961 (letter of notification) 100,000 shares of common stock (par $1). Price—$3 per share. Proceeds—For expansion and working capital. Office—1403 S. La Salle St., Chicago, Ill. 

Harper Instruments Co.


Harn Corp.

$5 if $10). preferred
D. Fuller &
gauges.
—Net
L. Lee
industries. Proceeds—For
Anthony
anticipated
deficits
18,
devices
Woodhill
—Net
—Net
servers of
Kimberly-Clark Corp.
—Net
0.6
debentures due Aug. 1, 1981 to be offered for sub-
$5 per share. Business—The company is a wholesaler
—Net
—Net
300,000 shares of common stock.
—Net
—Net
—Net
—Net
—Net
23,000,000 shares of common stock.
4.762
of diagnostic
—Net
—Net
—Net
—Net
—Net
Appliance Co., New
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
7,594,000 shares of
7,594,000 shares of common stock.
July 6, 1981 ("Reg. A") 40,000 common shares (par 50 cents).
July 6, 1981 ("Reg. A") 60,000 common shares.
June 30, 1981 ("Reg. A") 39,990 class A common shares (par $15). Proceeds—For expansion, working capital and other corporate pur-
In June 29, 1981 filed $1,000,000 of 6% convertible subordi-
August 1, 1981 to be offered by the company and capital and possible acquisitions by amendment. Proceeds—
The publishing of textbooks on business and economic subjects. Proceeds—For working capital and general
One
Illinois Tool Works Inc.
July 6, 1981 ("Reg. A") 10,000 common shares.
New
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net
—Net

Keltner Electronics, Inc.
Mary 31, 1981 ("Reg. A") 150,000 common shares (par $15). Proceeds—For financing capital and repayment of debt. Office—1945 W. Hamp-
town, Trenchard, Scott & McRae, Inc., 1717 Stout St., Denver.

Kilham Corp.
May 22, 1981 ("Reg. A") 20,000 common shares (par $1).
Proceeds—For working capital.

National Surety Corp.
Office—210 Commercial Ave., Denver, Colo. Underwriter—None.

King's Department Stores Inc. (9/13)
Proceeds—For general corporate purposes. Office—Nee-

Kirk C. F., Laboratories Inc.
Proceeds—For acquisition of certain shares of the registrant.

Knickerbocker Biologicals, Inc.
Proceeds—For the repayment of loans, research and development, and working capital.
Office—P. O. Box 6, Fox Island Rd, Port Chester, N. Y. Underwriter—Ross, Lyon, Conklin & Co., and Schirver & Co., both of New York City.

Lafayette Realty Co.
Proceeds—For the purchase of certain real estate and personal property.
Office—114 61st Street, New York City, Underwriter—None.

Laskin Realty Co.
Proceeds—For the purchase of land, buildings, and personal property.
Office—120 61st Street, New York City, Underwriter—None.

Kleinlein Mortgage Corp.
Proceeds—For the use of a portion of the proceeds in the purchase of additional assets.
Office—7 North Michigan Ave., Chicago, Ill. Underwriter—None.

Kleinlein Mortgage Corp.
Proceeds—For the use of a portion of the proceeds in the purchase of additional assets.
Office—7 North Michigan Ave., Chicago, Ill. Underwriter—None.

Kleinlein Mortgage Corp.
Proceeds—For the use of a portion of the proceeds in the purchase of additional assets.
Office—7 North Michigan Ave., Chicago, Ill. Underwriter—None.

Kleinlein Mortgage Corp.
Proceeds—For the use of a portion of the proceeds in the purchase of additional assets.
Office—7 North Michigan Ave., Chicago, Ill. Underwriter—None.

Kleinlein Mortgage Corp.
Proceeds—For the use of a portion of the proceeds in the purchase of additional assets.
Office—7 North Michigan Ave., Chicago, Ill. Underwriter—None.

Kleinlein Mortgage Corp.
Proceeds—For the use of a portion of the proceeds in the purchase of additional assets.
Office—7 North Michigan Ave., Chicago, Ill. Underwriter—None.

Kleinlein Mortgage Corp.
Proceeds—For the use of a portion of the proceeds in the purchase of additional assets.
Office—7 North Michigan Ave., Chicago, Ill. Underwriter—None.

Kleinlein Mortgage Corp.
Proceeds—For the use of a portion of the proceeds in the purchase of additional assets.
Office—7 North Michigan Ave., Chicago, Ill. Underwriter—None.

Kleinlein Mortgage Corp.
Proceeds—For the use of a portion of the proceeds in the purchase of additional assets.
Office—7 North Michigan Ave., Chicago, Ill. Underwriter—None.

Kleinlein Mortgage Corp.
Proceeds—For the use of a portion of the proceeds in the purchase of additional assets.
Office—7 North Michigan Ave., Chicago, Ill. Underwriter—None.

Kleinlein Mortgage Corp.
Proceeds—For the use of a portion of the proceeds in the purchase of additional assets.
Office—7 North Michigan Ave., Chicago, Ill. Underwriter—None.

Kleinlein Mortgage Corp.
Proceeds—For the use of a portion of the proceeds in the purchase of additional assets.
Office—7 North Michigan Ave., Chicago, Ill. Underwriter—None.
continued from page 35

Master Craft Medical & Industrial Corp.


Medcon, Inc.


Merchantile Corp.

June 19, 1961 filed 3,000,000 of 6% convertible debentures due 1976 for public sale by the company. Price—$1,000 per share. Proceeds—To provide working capital for expansion of the business. Underwriters—Lewis & Co., Jackson, Miss.

Metallurgical Co., Inc. (7/26)

July 3, 1961 filed 198,000 shares of common stock, of which 120,000 shares are to be offered for public sale by the company through the Underwriters. Proceeds—$5 per share. Business—the manufacture and sale of heating equipment, principally in New York City. Proceeds—To improve equipment, facilities and working capital. Underwriter—Metallurgical Co., Inc.

Micro-Electric, Inc.

June 12, 1961 (Reg. A) 55,000 common shares (par $1) for public sale by Blyth, Stuart & Co., Inc. (managing). For research, development and production; repayment of loans; equipment and fixtures; and working capital. Offered:—23,750 shares at $4 per share; 31,250 shares at $4.25 per share. Underwriter—Baruch & Company, New York, N. Y. Proceeds—None.

Micro-Electronics

March 31, 1961 filed 125,000 shares of common stock. Proceeds—For production of the base materials for the manufacture of printed circuits for the electronics industry, and for the development of new electronic devices and instruments. Proceeds—For additional equipment, research, development, manufacture, and sale of microwave devices and instruments. Underwriter—Shearson, Hammill & Co., New York City (managing).

Midsouth Industries, Inc.


Magnagraphics Line Ltd. (8/3)


Mid-Continent Corp.


Middle Atlantic Investment Co.


Midwest Investors Fund, Inc.

July 17, 1961 filed 5,000,000 common shares. Price—By amendment. Net proceeds to be offered for public sale. Proceeds—For expansion. Offered:—181 Fifth National Bank Bldg, St. Paul, Minn. Underwriter—None.

Midwest Technical Development Corp.


Mill Factors Corp.


Miniature Precision Bearing, Inc.

June 6, 1961 filed a common shares of class A common stock, of which 50,000 shares are to be offered by the company for public sale by the Underwriter. Proceeds—For expansion of the company and capital improvements. Address—Keehne, N. X. Underwriter.—Tucker, Anthony & R L. Day, New York (managing).

Minichrome, Inc.

June 16, 1961 (Reg. A) 150,000 common shares (par 10 cents). Proceeds—For film processing machines, machinery installation and working capital. Offered:—300 E. 7th St., Minneapolis. Underwriter—Continent Securities, Inc., Minneapolis, Minn.

Missile Fuels, Inc.

June 29, 1961 (Reg. A) 270,000 common shares (par 10 cents). Proceeds—For development and expansion of land. Address—206 W. 7th Blvd, St. Paul, Minn. Underwriter—None.

Missile-Tronics Corp.

May 8, 1961 (letter of notification) 151,000 shares of common stock, par $1, for public sale by the company. Price—By amendment. Business—the manufacturers of technical equipment. Proceeds—For expansion of the company and for development of new equipment; reduction of current liabilities; research and development; and working capital. Offered:—245 4th St., Fassneck, N. Y. Underwriter—Mandelbaum & Co., Inc., 28 Broadway, New York, N. Y. Proceeds—None.

Missouri Fidelity Life Insurance Co.

July 3, 1961 filed 50,678 common shares to be offered for subscription by stockholders on the basis of one new share for every share of any class held by them. Proceeds—For repayment of loans and for expansion. Address—Cape Girardeau, Mo. Underwriter—Edward D. Jones & Co., St. Louis, Mo.

Motor Corp. (8/6)


Mobile Estates, Inc.


Modernartic Towel Dispenser Co.

March 26, 1961 filed 60,000 shares of common stock, of which 36,000 will be offered for public sale by the company and 24,000 outstanding shares by the underwriter. Proceeds—$4 per share. Business—the manufacture and sale of an improved towel dispensing cabinet. Proceeds—For research development, payment of debt, and working capital. Offered:—20 Main Street, Belleville, N. J. Underwriter—Vickers, Christy & Co., Belleville, N. J.

Mohawk Insurance Co. (8/7)


Moken Small Business Investment Corp.


Mon-Art, Inc. (8/6)

June 26, 1961 filed 50,000 common shares, price—$3 per share. Business—the breeding of livestock owned by others. Proceeds—For test wells, pasture land, construction, general administrative costs and working capital. Address—Glendive, Mont. Underwriter—Thomas C. Judice, Glendive, Mont.

Monticello Lumber & Mfg. Co.


Mortgage Guaranty Insurance Co. (8/16)

Oct. 17, 1960 filed 155,000 shares of common stock (par 10 cents). Proceeds—For extension of guaranty business; insuring lenders against loss on residential first mortgage loans, principally on single family non-farm homes. Proceeds—For capital and surplus. Offered:—1700 West Wisconsin Avenue, Milwaukee, Wis. Underwriter—None. Note: The stock is not qualified for sale in New York State.
Municipal Investment Trust Fund, First Pa. Series

Municipal Investment Trust Fund, Series B

Atwood Equipment, Inc.
July 1, 1961 filed 1,250,000 shares of common stock (par $1). Price—To be supplied by management. Business—The company manufactures, distributes and sells farm equipment and farm vehicles. Proceeds—For expansion and development engineering, equipment, remote control systems, electromechanical equipment, and power supply assemblies. Proceeds—To be used for working capital. Offered—553 South Market St., Galion, Ohio. Underwriter—Noe.

Northern Natural Gas Co. (7/24-28)

Northern States Power Co. (8/8)

Northwestern Public Service Co. (7/31)

Occidental Petroleum Corp.
June 26, 1961 filed 3,000,000 shares of common stock due 1966. Price—To be supplied by management. Proceeds—To be used for the acquisition and development of oil and gas properties. Offered—855 Prospect Avenue, Newark, New Jersey. Underwriter—Laird, Bissell & Meadows, Wilmington, Del.

One Man's Clearwater, Inc.
April 7, 1961 filed 300,000 shares of common stock. Price—$3 per share. Proceeds—For repayment of indebtedness due 1967 and for working capital. Offered—111 Fifth Avenue, New York City. Underwriter—None.

Old Empire, Inc.

Pappas' Super Markets, Inc. (9/3)

National Periodical Publications, Inc.

National Realty Trust

National Leather Co., Inc.

Nationwide, Inc.
June 12, 1961 filed $1,500,000 of 8% sinking fund convertible subordinated debentures due 1976 and 390 common stock to be offered in units, each consisting of $100 principal amount of debentures and 100 shares of common stock. Price—$10 per share. Proceeds—For the development and sale of new capital. Offered—For sale to the public. Underwriters—Chase Manhattan Bank, New York.

New West Land Corp.

Nissin Trampoline Co.
May 10, 1961 filed a letter of notification. 9,400 shares of common stock.—$1. Price—At the market. Proceeds—For the selling stockholders. Offered—800 27th Ave., S.W. Cedar Rapids, Iowa. Underwriter—None.

Nichols Steel Co.
March 30, 1961 filed 22,415 shares of common stock being offered for subscription by stockholders of record May 9, 1961. Price—$5 per share. Proceeds—For the use of the company. This subsidiary of L. M. Ericsson Telephone Co. of Sweden, is engaged in manufacturing communications equipment, remote control systems, electromechanical equipment, and power supply assemblies. Proceeds—To be used for working capital. Offered—353 South Market St., Galion, Ohio. Underwriter—Noe.

Northern Electric Co.

Northern Natural Gas Co.

Northern States Power Co.

Occidental Petroleum Corp.

One Man's Clearwater, Inc.

Old Empire, Inc.

Pappas' Super Markets, Inc.

National Periodical Publications, Inc.

National Realty Trust

National Leather Co., Inc.

Nationwide, Inc.

New West Land Corp.

Nissin Trampoline Co.

Nichols Steel Co.

Northern Electric Co.

Northern Natural Gas Co.

Northern States Power Co.

Occidental Petroleum Corp.

One Man's Clearwater, Inc.

Old Empire, Inc.

Pappas' Super Markets, Inc.

National Periodical Publications, Inc.

National Realty Trust

National Leather Co., Inc.

Nationwide, Inc.

New West Land Corp.

Nissin Trampoline Co.

Nichols Steel Co.

Northern Electric Co.

Northern Natural Gas Co.

Northern States Power Co.

Occidental Petroleum Corp.

One Man's Clearwater, Inc.

Old Empire, Inc.

Pappas' Super Markets, Inc.


Suprisons Corp. (8/16)

Suvial Industries Inc. (7/24)
April 15, 1961 filed 100,000,000 shares of stock, of which 100,000 shares are to be offered for public sale by the company and 50,000,000 outstanding shares by the present holders thereof. Price—$4 per share. Business—The manufacture of composed vinyl plastic sheeting for the automotive, furniture and clothing industries. Proceeds—for additional equipment, production and working capital. Office—1500 W. Wentworth Ave., Chicago, Ill. N.Y. Underwriters—Million D. Blauner, Co., and John deFlinck, Co., both of New York City.

Swanne Paper Corp. (6/29)
June 29, 1961 filed 150,000 common shares, of which 50,000 common shares are to be sold by three officers and 105,000 shares by the stockholders. Price—By amendment. Business—The manufacture of paper, process and packaging materials. Proceeds—For general corporate purposes. Office—E. 42nd St., New York. Underwriter—Blair & Co., Inc., New York City.

T. F. H. Publications, Inc. (5/14)
April 17, 1961 letter of notification 100,000 shares of capital stock. Proceeds—For the building of five new printing plants, the manufacturing of advertising and promotion materials, and working capital. Office—Palo Alto, Calif., and Cortland, N.Y.

T-Bow International, Inc. (7/22)
June 15, 1961, filed 100,000 common shares, of which 25,000 shares are to be offered to the company and 75,000 shares held by stockholders. Price—$5 per share. Business—The operation of bowling centers. Proceeds—for expansion. Office—27 B Boulevard, East Paterson, N.J. Underwriter—P. L. Connor & Co., New York.

T. V. Development Corp. (5/28)

Tellitronics, Inc. (7/24–26)

Tenneco Inc. (7/22)
May 22, 1961 filed 100,000 shares of common stock. Price—$5 per share. Business—the operation of 150,000-barrel crude oil and gasoline blending plant, and the manufacture of equipment, paper and textile products, and an aircraft engine. Proceeds—For the acquisition of properties and working capital. Office—2924 W. 15th St., Long Beach, Calif.
Continued from page 9

Investment counselling. Proceeds—To increase the sales efforts of subsidiaries, to establish a new finance company.


Trans-Western Financial Co. June 26, 1961 filed 185,000 common shares of which 175,000 are for public sale. Proceeds—For repayment of debt, property acquisitions, and working capital. Office—60 E. 42nd Street, New York City. Underwriter—Kuhn, Loeb & Co., New York. Expected—In mid-August.


Universal Publishing & Distributing Corp. June 11, 1961 filed 50,000 common shares of stock (par $10) and 50,000 common shares to be offered in units, each consisting of one preferred share and one common share. Price—$15 per unit. Business—The publishing and distribution of magazines and newspapers. Proceeds—For the expansion of existing facilities. Office—1107 Broadway, New York City. Underwriter—A. G. Edwards & Sons, St. Louis, Mo.


Vic Tanny Enterprises, Inc. May 11, 1961 filed 320,000 shares of class A common stock and 50,000 shares of $1 par value preferred stock. Proceeds—For the purchase of additional real estate in grapes, and the development and operation of the company’s chain of gyms and health centers for men and women. Proceeds—For the development of new locations of the company’s chain of gyms and health centers for men and women. Office—29 West 52nd Street, New York City. Underwriter—For the opening of new gyms and the promotion of home exercise equipment. Office—375 Park Ave., New...
**Prospective Offerings**

**Acoustica Associates, Inc.**

April 11, 1961.

This company is seeking to acquire other firms with compatible product lines.

**Arizona Public Service Co.**

March 26, 1961. (Ref. 5, 750) or write us at 25 Park Place, New York 7, N. Y.

**Attentive Underwriters**

Do you have an issue you're planning to register? On what is it? How do you know that we will have an item available? We will find hereunder.

**Wetters Foods, Inc.**

June 29, 1960 filed 700,000 shares of common stock. Price—$1.00 per share.

**Western Factors, Inc.**

June 29, 1960 filed 700,000 shares of common stock. Price—$1.50 per share. The company requires the purchase of additional accounts receivable and also may be used to liquidate current and long-term liabilities.

**Wetters Food Co.**

June 29, 1960 filed 700,000 shares of common stock. Price—$1.50 per share.

**Wisconsin Power & Light Co.**

July 7, 1961 filed 100,000 shares of preferred stock (par $100) at which 50,000 shares will be offered to public and 15,000 shares to employees. Employees and preferred stockholders of record Aug. 10, 1961, with rights to p...
continued from page 41


Compass Telephone Co., Inc. June 19, 1961, it was reported that this company plans to file a registration statement covering about 150,000 shares of common stock with the Securities and Exchange Commission. The company plans to use the proceeds for general corporate purposes and to expand its operations.

Dixie Pipe Co. April 19, 1961, it was reported that this firm, recently formed by eight major oil companies, plans to build a 1,100-mile liquified petroleum gas pipeline from Texas and Louisiana to New York City. The company expects to begin construction in September and complete the line by July 1962.

Dixie Pipeline Co. April 19, 1961, it was reported that this firm, recently formed by eight major oil companies, plans to build a 1,100-mile liquified petroleum gas pipeline from Texas and Louisiana to New York City. The company expects to begin construction in September and complete the line by July 1962.

Dixie Pipeline Co. April 19, 1961, it was reported that this firm, recently formed by eight major oil companies, plans to build a 1,100-mile liquified petroleum gas pipeline from Texas and Louisiana to New York City. The company expects to begin construction in September and complete the line by July 1962.

Dixie Pipeline Co. April 19, 1961, it was reported that this firm, recently formed by eight major oil companies, plans to build a 1,100-mile liquified petroleum gas pipeline from Texas and Louisiana to New York City. The company expects to begin construction in September and complete the line by July 1962.

Dixie Pipeline Co. April 19, 1961, it was reported that this firm, recently formed by eight major oil companies, plans to build a 1,100-mile liquified petroleum gas pipeline from Texas and Louisiana to New York City. The company expects to begin construction in September and complete the line by July 1962.

Dixie Pipeline Co. April 19, 1961, it was reported that this firm, recently formed by eight major oil companies, plans to build a 1,100-mile liquified petroleum gas pipeline from Texas and Louisiana to New York City. The company expects to begin construction in September and complete the line by July 1962.

Dixie Pipeline Co. April 19, 1961, it was reported that this firm, recently formed by eight major oil companies, plans to build a 1,100-mile liquified petroleum gas pipeline from Texas and Louisiana to New York City. The company expects to begin construction in September and complete the line by July 1962.

Dixie Pipeline Co. April 19, 1961, it was reported that this firm, recently formed by eight major oil companies, plans to build a 1,100-mile liquified petroleum gas pipeline from Texas and Louisiana to New York City. The company expects to begin construction in September and complete the line by July 1962.

Dixie Pipeline Co. April 19, 1961, it was reported that this firm, recently formed by eight major oil companies, plans to build a 1,100-mile liquified petroleum gas pipeline from Texas and Louisiana to New York City. The company expects to begin construction in September and complete the line by July 1962.

Dixie Pipeline Co. April 19, 1961, it was reported that this firm, recently formed by eight major oil companies, plans to build a 1,100-mile liquified petroleum gas pipeline from Texas and Louisiana to New York City. The company expects to begin construction in September and complete the line by July 1962.

Dixie Pipeline Co. April 19, 1961, it was reported that this firm, recently formed by eight major oil companies, plans to build a 1,100-mile liquified petroleum gas pipeline from Texas and Louisiana to New York City. The company expects to begin construction in September and complete the line by July 1962.

Dixie Pipeline Co. April 19, 1961, it was reported that this firm, recently formed by eight major oil companies, plans to build a 1,100-mile liquified petroleum gas pipeline from Texas and Louisiana to New York City. The company expects to begin construction in September and complete the line by July 1962.
Scully Recording Corporation

Pursuant to a July 10, 1961 offering circular, Moran & Co., New York, $.05 per share, offered 250,000 common shares of Scully Recording Instruments Corp., at $1 per share to be underwritten by Moran & Co. Underwriters-To be named. Proceeds will be used for general corporate purposes.

Growth Organisation Inc. Stock Sale

Pursuant to a July 10, 1961 prospectus, Growth Organisation Inc., is offering 30,000 common shares of Growth Organisation Inc., at $3 per share, to be underwritten by $1 per share. No underwriting is involved. Proceeds will be used for working capital and other corporate purposes.

Hydro-Space Technology Inc. Stock Sale

The first public sale of Hydro-Space Technology Inc. common stock was made today (July 20) through the offering of 2,000,000 $3 shares by the company. The offering was made in New York City. Underwriters—American Securities Corp. (managing). The offering was closed on July 26, 1961, the company has net sales of $14,458. For the fiscal year 1960, the company's net sales increased by $460,500. Upon completion of the current offering, outstanding common stock will consist of 300,000 shares of stock and 30,000 stock options.

De-Frontier Corporation

Theodore Arrin & Co., Inc. and International Management Co., New York, are offering 11,000,000 shares of De-Frontier Corporation, at $3 per share, to be underwritten by the company for the repayment of the company's debt. Underwriters—De-Frontier Corporation, Inc., of Mount Vernon, N.Y., is engaged in the business of designing, engineering, testing and producing various items of defense and electronic equipment, including design and production of busyness devices for underwater research and defense. The company's products are used by National Academy of Sciences, and National Inventors' Council.

Detroit Stamping Corp.

Clayton Securities Corp., Boston, Mass., is offering today (July 20) 20,000,000 shares of Detroit Stamping Corp., at $3 per share, to be underwritten by the company for the repayment of the company's debt. Underwriters—Clayton Securities Corp., of Mount Vernon, N.Y., is engaged in the business of designing, engineering, testing and producing various items of defense and electronic equipment, including design and production of busyness devices for underwater research and defense. The company's products are used by National Academy of Sciences, and National Inventors' Council.

Dividend Advertisements

Appeal on Page 16.
WASHINGTON, D.C.—The hospitals of the United States are in trouble, and many of them are going flat broke.

Not only that but the patients are also being significantly by the skyrocketing cost. What lies ahead appears to be even worse. There is likely to be a renewed move in this country for socialized medicine and hospitalization.

Unfortunately, while the non-Federal hospitals are in financial trouble, more so than ever before, most hospital employers are underpaid. Medical professionals are losing the battle of doing things to save the lives of people are greatly responsible for the great crisis in the hospital system.

Indicative of the soaring costs is the price a patient has to pay in a hospital today. In 1954 the average charge for a patient to stay in a hospital for a week was about $118. Today the average cost is at least $186 a week or more than it was in 1956.

The Public Health Service fears that before the next decade arrives to an end, the average hospital stay for a patient will cost him at least $338 a week, if not substantially more.

Medical Care Proposal

Chairman Wilbur Mills of the House Ways and Means Committee says his committee will begin hearings on health care for the aged. It is because the cost of medical care is increasing at such an accelerated rate that the Ways and Means Committee intends to hold a large and wide hearings.

Unless something is being done to hold the costs of operating a hospital, hundreds of thousands of elderly and retired people in the future cannot afford to become a patient unless it is a charity institution.

Several members of Congress have already pointed out what many people already know: Many working people today cannot afford to pay $50 or $83 a day in a hospital which will be the cost of the hospital bills for not too many years from now.

Doctors At Fault

Doctors' fees can be blamed for some of the rising costs of hospitalization, but not all of it. The people and hospitals who are actually treated by doctors when the patients will be just as well off, if not better at home. However, it is easier and much quicker for an overworked physician to turn the patient over to a hospital round than it is to visit his patients in their scattered homes.

Medical Insurance Costs

Blue Cross, in a report on its operations in 1960, said that last year it had a membership of 56,738,063 in the United States or a total of 54,773,533 members including Canada. The peak year membership comparison was 56,908,604 for the United States and Canada in 1959.

Blue Cross is the largest hospital preparation organization in the country. It is composed of 79 independent plans at the United States. Each Blue Cross is rooted in the local community, staffed and managed by local people and boards of directors.

Obviously the Blue Cross premium rates must go up as cost of hospitalization increases. Thus, the public must be prepared to pay increased medical care.

Because of the increased hospitalization costs, Blue Cross, Blue Shield and the other similar groups have had to raise their insurance premiums. However, many individuals and some companies have already advised these organizations that they cannot continue to keep meeting the increased rate increases indefinitely, according to some letters that have reached the committee.

As a strong political reminder the AFL-CIO's Committee on Political Education sent to Congress recently its “Political Memo” urging up the growing number of elderly people in our country. The CPE's publication described the 1960 medical care program as extremely weak and anemic. The Blue Cross is rootless, for a bill to tie health care to the local social security system.

No Legislation in 1961

The 1960 act offers direct Federal funds provided from the United States Treasury, instead of higher social security deductions, to Medicare. This intends to bring some of the foremost doctors, hospital administrators, company officials and average citizens before the committee to testify.

The Kennedy Administration had hoped that the legislation deal would be passed this year. But this proposal, along with the Kennedy farm bill and the Federal aid to education bill will not be passed in 1961.

"Members of Congress who are operating at the social security system," said CPE in the Political Memo, "should remember that the medical care program is not an end in itself. It is apparently their high concern in life: in the last 40 years, the latest source of powers of past 65 has nearly doubled.

"Approximately 15 out of every 100 individuals who are old enough to vote are more than 65.

Eleven states now have some 60% of the over-65 population, and they are the states that will cast the largest block of electoral votes in 1964—California, Florida, Illinois, Massachusetts, Michigan, Minnesota, New Jersey, New York, Ohio, Pennsylvania and Texas.

They represent a total of 260 electoral votes—only three less than will be necessary to elect a President in 1964." A.M.A's Position

The American Medical Association favors assistance for senior citizens, based on need. Many individuals feel that is the best way to handle it. It has been estimated that the medical care program would provide about $1,000,000,000 a year for the hospitals and nursing homes.

Even if a billion a year more is made available for hospitals and nursing homes, it is how long would it be before another hospital crisis will arise. Blue Cross members have been entering hospitals at an increased rate per thousand members for the past 10 or 12 years. It is strongly suspected that doctors are allowing more and more members to enter the hospitals that could be treated just as well at home. They prefer a hospital because they have no one at home to take care of them for two or three or four days, as the case might be.

There are numerous members of Congress who have expressed belief that the doctors must get to the root of the problem and see if they cannot help to stop the increased hospital and medical care costs.

Hosipital equipment is not only expensive, but the price has gone up. So have the wages and salaries of hospital employees. The price of every-day living since the end of World War II, has increased, but the cost of hospitalization has saved far past living costs during the past 15 years.

The annual hospital bill of the nation, which has increased by billions, involves more than ordinary inflation. Chairman Wilbur Mills and his committee are going to make a determined effort to try and put their finger on the reasons for the tremendous hospital cost increases.

Socialized medicine in the United States looms as a bigger threat today than ever before.

"This column is intended to reflect the "behind the scenes" interpretation from the Capital and may not coincide with the "Chronicle's" own views."