The COMMERCIAL and FINANCIAL CHRONICLE

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EDITORIAL

As We See It

Apparently Mr. Khrushchev now believes, or at least he now says, that his communist (or is it still socialist?) regime in Russia needs seven more years and only seven more years to overtake and pass us in production—of just what he does not say. He has been talking about burying us for a good while past, and today it would appear far less likely that he is right than it did at first. No one, we are sure, will be unduly worried about productive competition from Russia, either in seven years or any other finite number of years so long as that country is in the shackles of Marx and Lenin.

There are, so far as we can determine, only a scant half dozen products of ordinary usefulness in which Mr. Khrushchev's empire matches or betters our own normal output—and in some of these we are producing more than we can find a market for. There are a few others which are produced in Russia in amounts greater than half our output—crude petroleum, oats, crude steel, pig iron and leather footwear, for example. Some of these rates of output are stimulated by armament production. Seven years is evidently a long time in Moscow.

The truth is that there is evidence enough that centrally planned and controlled economies do not do well. It is plain in Russia, as attest the necessity of going abroad for grain and the various inefficiencies and shortcomings throughout the economy of which the communist boss himself repeatedly has been complaining. It is likewise evident that even the "wisdom" Mr. Khrushchev applied in recent years, to start the Russian economy on the road that he has been planning, has not proved itself. But we hardly need go so far afield to find everyday evidence of the weaknesses of central planning and centrally guided if not controlled (Continued on page 13)

Funds' Buying Matched Selling During Market's Breakthrough

CHRONICLE'S analysis of 100 leading investment companies' portfolio operations during the September quarter's record breaking stock market disclosed curtailed demand for common stocks. Total NET buying was down considerably from the comparable June quarter figures as fund managers showed less enthusiasm for equities at current market levels. Stock selection became more concentrated and an increasingly cautious buying policy was indicated. Prime emphasis remained centered on solid blue chip issues and established secondaries. Preferred industry groups included Agricultural Equipment, Aircraft, Airline, Chemical, Electronic, Machinery, Metal, Paper, Railroad, Rubber, Steel, Textile and Tobacco. Most popular issue was IBM, with Gulf Oil and American Airlines runners-up. Sold on balance were Oil stocks. Most widely liquidated issues were Amerada, Caterpillar Tractor and Ford. Interest in foreign securities dormant. Ratio of share redemptions to funds' net assets was 1.61% in the third quarter.

[See page 19 for specific stocks purchased and sold by managements in September quarter. For Funds' portfolio position, cash vs. security holdings, on Sept. 30, 1963 and June 30, 1963, see page 24.]

The CHRONICLE'S comprehensive analysis of the September quarter portfolio operations of the nation's predominant investment companies embraces a period in which the popular stock market average forged ahead to new historic high levels.

During this breakthrough period, investor enthusiasm may have been stimulated by a combination of favorable background factors which include: broadened confidence in the vitality of the economy; prospects for continued improvement in general business; widespread certainty of some form of tax reduction; record-breaking corporate profits; likelihood of dividend increases and extra payments, also an increasing belief that more inflation is in store.

At this point, it might be well to take cognizance of the fact that the current economic upswing is entering its 33rd month and has already surpassed the average length of all business expansion periods in the United States. Based on data going back to 1854, the average prosperity cycle has lasted 30 months.

However, those who view the economic scene closely cite two factors that may well determine the duration of the present cycle, namely, business capital expenditures and consumer buying. The outlook in both areas, current and prospective, appears to be most promising.

In the case of business outlays, for example, the highly regarded McGraw-Hill study, dated Nov. 8, forecast that expenditures for new plants and equipment will attain a record high of $40.7 billion next year, a 4% gain over this year's total. As for consumer buying, the favorable response to the 1964 car models does not suggest any lack of support to the economy from that area.

Returning to our immediate theme, it is a matter of record that the Dow Jones Industrial Average, which was 708.22 on July 1, subsequently rose to a high for the third quarter of 745.96 on Sept. 24. This surpassed the previous record high of 734.91 set on Dec. 31, 1961. The average closed the quarter at 732.79 on Sept. 30, slightly below its high for the period. In a continuation of its response to excellent third quarter earnings reports, and favorable year-end dividend action, the market in the post-September quarter continued to surge forward to establish a new historic high of 760.50 on Oct. 29 (this to date has also been a 1963 high).

With this background (Continued on page 18)

QUARTERLY INVESTMENT COMPANY ISSUE

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.

This Week's Forum Participants and Their Selections

McDonnell Aircraft Corp.—Norman E. Heitner, Partner, Yates, Heitner & Woods, St. Louis, Mo. (Page 2)

Northwest Natural Gas Co.—Chester L. F. Paulson, Analyst, June S. Jones Co., Portland, Ore. (Page 2)

NORMAN E. HEITNER
Partner, Yates, Heitner & Woods, St. Louis, Missouri

McDonnell Aircraft Corporation

McDonnell's adoption of the trademark, "First Free Man in Space," vividly portrays the part which its Mercury Spacecraft performed in our initial manned space flights. With the Mercury Program now successfully completed, MAC's astronautic efforts are focused on America's next major step in manned space exploration—the two-man Gemini Spacecraft.

Earlier this year, MAC signed a $456,000,000 contract (more than triple its entire Mercury Program) with NASA, for 13 Gemini Spacecrafts. The company has also been awarded a contract to perform a feasibility study of Gemini's suitability as a ferry space vehicle to manned space stations. Should Gemini be adopted as a ferry space vehicle, its long-run potential could be enormously enhanced.

Gemini No. 1 has already been deliverd to NASA, and is tentatively scheduled for use in unmanned orbital flight early next year. The Gemini Spacecraft is designed to remain in orbit up to two weeks, to rendezvous and dock with another vehicle in orbit, to achieve controlled re-entry, and in later flights, to land on earth. Gemini is the vital bridging step between the Mercury orbital flights and the Apollo Project, designed to carry three men to the moon and back by 1970.

McDonnell is also the prime contractor for the "Asset" program. This is a space research project, designed to obtain engineering data on the effect of reentry into the atmosphere by winged space vehicles. "Asset" is the first vehicle with a structure of refractory metals. The significance of this line of research and development far exceeds the dollar value of MAC's present "Asset" contract.

In the aeronautics field, McDonnell has what is generally conceded to be the world's finest and most versatile airplane in its Phantom II. This plane is so superior, that, for the first time in history, all three aerial branches of the service are using the same basic fighter. The Phantom II is already in use by the Navy and Marine Corp; and delivery is now being made to the Air Force, which has announced plans to purchase over 1,000 planes.

On Sept. 30, 1963, MAC signed a $625,000,000 Phantom II contract with the Navy and Air Force, under the government's 1963 appropriations. The company expects an even larger Phantom II contract from the fiscal 1964 budget. Indications are that volume production of the Phantom II will continue at least through the late 1960s.

McDonnell has a growing automation center, which it is vigorously expanding in the areas of systems design, consulting services, programming, data processing and computing for commercial clients. Substantial growth is expected from this department in the years ahead. Furthermore, the company's Electronic Equipment Division holds the potential of eventually diversifying into the commercial electronics field. MAC also has a fine research department, which performs both applied research under specific research and development contracts and basic inquiry into such areas as plasma physics, electro-optics and micro-electronics.

McDonnell's record has been one of outstanding growth. Indications are that its fine growth record will be extended well into the future. Within the past decade, MAC's sales have expanded over 350%, and its earnings have quadrupled. Equally impressive is the company's return on net worth, which has averaged almost 25% annually during the past 10 years.

With a Sept. 30, 1963 backlog of over $950,000,000 (compared with less than $300,000,000 in September, 1962) MAC's results for the year ending next June 30, in my opinion, should be excellent. Sales could well reach the $850-$875,000,000 area, and earnings of $6.25 per share appear likely. This would compare with sales of $565,000,000 and earnings of $4.74 per share in fiscal 1963.

McDonnell's present position and its future potential in the space-defense field appear excellent. Possibilities of growth in non-government business should improve. The company's common stock listed on the New York Stock Exchange, currently sells at a price-earnings ratio only about one-half that of the Dow-Jones Industrial Average. Therefore, in my opinion, the stock offers excellent capital gains potential.

CHESTER L. F. PAULSON
Analyst, June S. Jones Co., Portland, Oregon

Northwest Natural Gas Co.

Areas of rapid growth have long been sought by investors because of the special investment opportunities to be found there. Often overlooked because of its close proximity to the dynamic economy of California is the energetic Pacific Northwest. Overlook it no longer, for here lies what may be the next great area of economic development. Indeed, growth statistics already exceed the national averages. For example, the U. S. Census Bureau predicts population growth of 30%-38% for the decade of the '60s.

Well entrenched in the burgeoning economy of Oregon is Northwest Natural Gas Co., whose recent growth is symbolic of the great potential of the entire region. Since changing over to natural gas in November, 1956, Northwest has seen revenues grow from $10,186,000 in 1956 to $28,631,000 in 1962. Earnings per share of common have likewise jumped from $1.19 in 1956 to $1.76 in 1962, with $1.80-$1.85 anticipated for 1963. Dividends have been increased for eight consecutive years.

Northwest distributes natural gas to the prosperous Willamette Valley of Western Oregon (principal cities — Portland, Salem, Eugene), Camas and Washougal on the Washington side of the Columbia River and the Dalles area of North Central Oregon, total population of which is estimated at 1,100,000. Northwest is the only utility which services the entire Willamette Valley. The 1962 revenues were divided between residential 41.2%, industrial 42.5%, and commercial 16.3%.

El Paso Natural Gas Company supplies the company with all of its natural gas under an agreement running through 1981 for firm gas requirements. Interruptible gas is also available under a five-year accord. Because of its geographical location, the company has three major sources of gas supply available to it. These are: San Juan Basin in northwestern New Mexico and southwestern Colorado; Rocky Mountain region of Colorado, Utah and Wyoming; Peace River fields of northern British Columbia and Alberta. El Paso has never increased the rate of gas and only one rate increase was effected by Pacific Northwest Pipeline Corp., El Paso's predecessor.

Last year the company, through the study of an independent consulting engineer, confirmed its suspicions that if its depreciation were computed on a straight-line, age-life basis, the computed amount would exceed the reserve balance accumulated. This study indicated a deficiency of $4,353,554 in depreciation reserve for utility plant other than oil-gas manufacturing facilities. Northwest promptly transferred $1,215,433 from Capital Surplus and $3,138,121 from Earned Surplus to meet the deficiency. The company feels these changes favorably affect the quality of its earnings.

Expansion is the keynote of the Pacific Northwest; its an electric tingle you feel in the air. Once primarily an area of timber, agriculture and associated industries, tourism, electronics, sportswear, and metalworking leap forward to aid diversification. And as the economic endeavors of the area enrich the population, northwest is close at hand to prosper. In 1962, gas heat was installed in 56% of the new homes in the Northwest's service area while total heating customers increased 12% for the year. We estimate compound earnings growth for the company of over 7% annually. In fact, by 1967 earnings may well approach $2.50 per share.

Northwest Natural Gas Co. common, recently 33 bid in the Over-the-Counter Market, with a $1.08 dividend, nearly 75% of which is tax free, certainly appears to be sitting on the bargain table. In our opinion, the security is best suited for individuals whose investment objectives require quality, modest income and persistent growth.

(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

Income Tax Pointers in the Present Security Market

By J. S. Seidman, C. P. A., Seidman & Seidman, New York City

Before the year runs out, and it is too late, it is standard practice for the investor ot brush up on any and all special tax considerations affecting after tax profits and/or losses for most favorable portfolio results. Usually the individual investor, not too familiar with the subtleties involved, can benefit from a brief refresher on the tax facts of life. Such a review is clearly presented by Mr. Seidman. His checklist with brief explanations take in such vital areas as: the "25% rule," treatment of security losses, importance of the six-months line, when it pays to take losses and to employ short sales, how to convert dvidends and interest into capital gains, wash sales, identification of securities, and rules on commissions and other expenses. Mr. Seidman also discusses special provisions which apply only to corporate investors and cites when rules applicable to the individual investor do not apply to the incorporated one. The latest day to take profits for 1963 returns, Mr. Seidman points out, is Tuesday, December 24, and losses on sales can be made right up to the end of 1963.

Taxes play an important part in an investor's net profit or loss picture. This simplified explanation in question and answer form of the tax rules as applied to security transactions can help an investor minimize his taxes.

J. S. Seidman

Congress has a tax bill before it now. Some of the proposals will have a major effect on security transactions. Since the outcome of the bill as to time and content is uncertain, it has not been considered in this article.

What Is A Capital Gain, And Why Is It Emphasized So Much?

CAPITAL-GAIN is a magic word in Federal income taxes. The reason is simple. Individual tax rates can go to 91%. Corporate rates can go to 52%. But with a capital gain, Uncle Sam's maximum take is 25%. Hence, the big push is for capital gains.

What is a capital gain? By and large, it is the profit on the sale of securities or anything else other than the merchandise of a business. Eveything here will be described in terms of securities, but what is said will also apply to commodities, foreign exchange, real estate, etc.

The rules for the security "investor" are different from the rules for those who do enough buying and selling to be a "trader" or "dealer." Only the investor will be considered here—first the individual investor, and then the corporate investor.

I. THE INDIVIDUAL INVESTOR

How Does The 25% Rule Work?

Security profits and losses go in one of two baskets, based on the length of time the securities are owned. Six months is the dividing line. Profits and losses on securities held for more than six months (here called over-six-month profits) go in one basket. Profits and losses on securities held six months or less (here called under-six-month profits) go into the second basket.

Each basket is taxed differently. If there is a net profit in one basket and a net loss in the other, the two are netted. If this leaves a net profit in the under-six-month basket, that profit is reportable in full, in the regular way. If it leaves a net profit in the over-six-month basket, there is a two-way play, whichever gives the lower tax: (1) a flat tax of 25% of the profit, or (2) reporting half the profit in the regular way.

What About Security Losses?

Many people will show losses on their 1963 security transactions. The tax law allows some benefits to offset that situation.

If the net results of the under-six-month basket and the over-six-month basket taken together show a loss, then regardless of what basket it comes from, the loss is deductible, within certain limits.

To illustrate: Suppose the net of all trades for 1963 is a $10,000 loss. Only $1,000 of this loss can be deducted in the 1963 return. The other $9,000 goes in the under-six-month basket for the five years 1964 to 1968 to apply against the first $9,000 of any net security profits in those years. If there are no net security profits in those years, $1,000 can be taken as a regular reduction from other income in each of the five years. That absorbs $5,000. Nothing can be done about the other $4,000.

Security losses of any year can be carried forward only, not backward. As this rule about carrying forward losses for five years has been in effect for some time, it means that losses as far back as 1958 can be used in 1963

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Articles and News

Regular Features

†See article starting on cover page encompassing our analysis of portfolio transactions by investment companies in the September quarter.

*Mr. May's column was not available this week.

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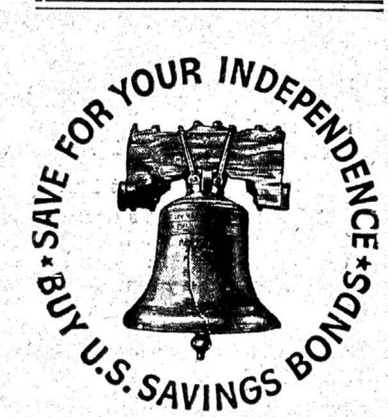


New Dimensions in Portfolio Management

By James G. Wilson,* Vice-President,
The National Shawmut Bank of Boston, Boston, Mass.

Portfolio management lessons laid down by Mr. Wilson for the edification of bankers should prove to be equally informative to many others charged with investment administration. Today's portfolio manager, Mr. Wilson points out, should know such balance of payment details as Canadian and U. K. Treasury bill rates in order to forecast the direction of our own Treasury bill rates, as well as deviations from artificial yield averages brought about by Operation Twist and Nudge in order to ferret out bargains. Small banks are advised to keep a daily check on their reserve position to maximize return of their excess reserves, and the tendency towards today's 4% yield curve is seen tempting investors to sell longer maturities to the central bank.

There is an old French saying "the more things change—the more they remain the same." Change is relative to the sum of our knowledge and experience. What may seem revolutionary to you, may appear evolutionary to some, or reactionary to others. What then are the dimensions of recent changes affecting the management of bank investment portfolios, with which we are concerned.

James G. Wilson

The new dimensions embrace the following:

(1) The Changing Deposit Mix.
(2) Money Position Refinements.
(3) Restructuring of the Investment Reserve.
(4) Emerging Balance of Payments problems.
(5) Yield Curve Twist.

Changing Deposit Mix

A little more than a decade ago, time deposits were but 20% of total deposits in commercial banks. Today they represent twice that percentage and if we project the recent rate of growth into the next decades, we will be surprised to learn that time deposits may become the principal source of commercial bank deposits.

Since mid-1951, time deposits have grown more than three times as rapidly as demand deposits. It would seem that the Treasury-Federal Reserve Accord of March 1951, may have triggered the race between these two types of deposits. By aiding in the re-establishment of a free money market, the central bank restored the price mechanism as sole arbiter of the forces of Supply and Demand.

The rise in interest rates in the years following, did not go unnoticed by a new generation of corporate treasury men. They quickly mastered the techniques of improving cash flow, trimming bank balances and developing investment income as another source of corporate revenues. While a return of 3½% is low compared with the 15% which can usually be earned on capital improvements, it continues to be significant in the minds of some fiscal officers.

In Dec. 1961, the Federal Reserve authorities amended Regulation Q, thus permitting commercial banks to pay competitive rates on time deposits. The result was a vigorous growth in time deposits, particularly in negotiable Certificates of Deposit. Again in July of this year, the central bank further amended Regulation Q by increasing the interest rate limitations. Growth of C/D's as a new Money Market instrument was dynamic, with some $9 billion outstanding. An active secondary market emerged within the past several years and has become increasingly important to both issuer and investor.

Personal savings have also increased substantially in recent years. Commercial banks have shared in this growth, but have not been as aggressive in attracting personal savings as they might have. Their desire to obtain this type of account developed soon after the United States Treasury's Magic 5's demonstrated that the rate paid for savings, was indeed a matter of interest to the individual.

Composition of time deposits may vary as personal savings grow and the thrift account takes its rightful place in a "Full Service" commercial bank. A realistic approach to being competitive on rate, as well as economical handling of accounts through automation, may result in substantial benefit to alert institutions. A proper mix of personal savings, institutional time deposits as well as Certificates of Deposit, can enable commercial banks to develop a reliable source of raw materials for conversion into profitable loans and investments.

A reappraisal of asset allocation techniques is certainly in order as liquidity requirements become smaller in view of the increase in time deposits which require much smaller reserve backing. In addition, the present lower level of demand deposits is not likely to be further reduced and liquidity needs in this area can be profitably re-examined. A thorough and comprehensive study of the changing deposit mix and appropriate asset allocation may disclose substantial profit potential.

Money Position Refinements

In recent years an increasing number of banks have placed supervision of the Money Position under the investment officer. The high rate of return available in recent years from short-term money market instruments, requires close coordination between all areas of a bank which can affect this important function.

One might assume that the smaller country bank would have better control of its Money Position than its city cousin with a branch system. Apparently this is not so because statistics published by the Federal Reserve Bank of Minneapolis indicate otherwise. A chart which they prepared showed that in smaller banks, excess reserves ranged between 3% and 19% of Required Reserves.

An efficiently managed Reserve Position should result in Excess Reserves being kept below the one-half of one percent mark. Perhaps the country bank's position is only given intermittent attention because the responsible officer becomes involved in loans and mortgages and cannot spare the time needed to effect efficient handling. He may find it more expedient to maintain a large excess reserve position than to struggle with the rigid weekly or bi-weekly schedule of settlements.

A good two way market in Federal Funds does exist in Boston and and country banks in New England should become familiar with it. Trades involve amounts as small as $100,000.

On the basis of my experience, I believe many smaller banks could employ an alert administrative assistant to keep daily check on the reserve position. The savings from efficient operation of a $50 million bank's reserve position would more than pay the salary of the assistant. The balance of his time could be spent assisting the investment officer to keep abreast of new dimensions and their profit potential. Such an employee could eventually become a junior officer and contribute to management's succession program.

In addition to increasing investment income from more efficient handling of the Reserve Position, there are collateral opportunities to trade in Federal Funds, develop profitable Repurchases or Buy-Backs as well as improve relations with correspondent banks, bond dealers and corporate customers. By keeping in daily touch with the Money Market, the investment personnel can enlarge their knowledge and experience to the ultimate benefit of their bank.

Restructuring of the Investment Reserve

A decade ago it was not uncommon to see a commercial bank portfolio hold U. S. Government securities equal to 34% of total assets. In recent years this ratio has declined to less than 20% and last Sept. 30, there were among the top ten banks, at least two holding U. S. Government obligations equal to 9% of total assets.

Holdings of Other Securities, mainly State and Municipal, amounted to about 7% of total assets in 1952. In June of this year the ratio had increased to 10% for all member banks and at least 3 major banks had more than 25% of total assets invested in tax-exempt securities. With current rates of 4% being paid on Certificates of Deposit, the role of Municipal Bonds will continue to be a major one.

The shift in emphasis from so-called "riskless" U. S. Treasury securities to tax-exempt obligations of state and municipal governments, was accelerated in recent years by the ever-increasing expense ratios of commercial banks, as well as by profitable opportunities to acquire time deposits and invest in Municipals. Despite the somewhat artificial level of municipal prices resulting from commercial bank buying, the net after-tax spread between a U. S. Government bond and a "AAA" municipal bond having a 15 year maturity, is better than three-quarters of one percent.

Whether a bank is selling a 4% U. S. Treasury bond to switch into tax-exempts, or paying 4% for time deposits to invest in tax-exempts, the after tax spread of three-quarters of one percent is most attractive even with a corporate tax cut in prospect. By pledging eligible tax-exempt securities to secure public or trust funds, it is possible to free-up U. S. Treasury securities so they are truly available for the Secondary Reserve. Some states permit banks to lend their securities to approved bond dealers, thereby increasing their net return by an additional one-quarter or one-half percent.

Revenue bond financing has increased importantly in recent years and is currently about 30% of the total. Commercial bank investment in seasoned projects of the utility type can improve net investment income substantially. The recent ruling by the Comptroller of the Currency, permits national banks to underwrite certain types of Revenue bonds but this has stirred some controversy in Washington about the soundness of the approach.

Emerging Balance of Payments Problems

If the old Chinese philosopher was correct—that one picture is worth ten thousand words, then the best way to dramatize the deteriorating balance of payments problem is to look at a chart comparing "U. S. Gold Stocks" and "Liabilities to Foreigners."

The sharply rising trend line which represents "Liabilities to Foreigners," crossed the rapidly falling trend line measuring "U. S. Gold Stocks," in 1960 and has kept on a divergent path ever since. Recent statistics show that "Liabilities to Foreigners" now amount to $25 billion whereas "U. S. Gold Stocks" available to meet these claims, have declined to about $15.6 billion. The picture looks even more discouraging when it is realized that the major portion of our Gold Stock is required to back Federal Reserve notes and Federal Reserve deposits of member banks.

Our exports have not provided a large enough trade surplus to overcome the annual deficits caused by Foreign Aid and Military Assistance payments to foreigners. In recent years our annual balance of payments deficits have exceeded $3 billion per year. In the second quarter of 1963 our payments position reached crisis proportions when the deficit was running at an annual rate of $5.1 billion.

Temporary measures have slowed down the Gold outflow but these are palliatives and only buy time to correct the imbalance. Concerted action by fiscal and monetary authorities has kept interest rate differentials between U. S. and Foreign short-term investments at the minimum in order to discourage an outflow of gold. In the area of international finance, currency swaps aggregating about $1.8 billion have been arranged with foreign central banks.

The increase in the discount rate in July was principally to assist with balance of payments problems. The Interest Equalization Tax now pending before Congress is another attempt to slow down the rate of attrition. In the final analysis we must reappraise our foreign spending programs with a view to obtaining a permanent solution.

It is hoped the proposed income tax reduction for 1964 may stimulate consumer spending as well as corporate investment in new plant and equipment. If profit margins can be improved, then perhaps corporate treasurers would become more interested in earning a 15% return on capital investments than 4% on short-term money market instruments here and abroad. A resurgence of foreign desire to invest in our improving business climate could lead to an inflow of gold which could be helpful.

This new dimension is having and will continue to have a profound effect on the level of short-term interest rates and ultimately intermediate and longer term rates as well. These changes offer the aggressive investor opportunities to profit from market action. By studying Canadian and United Kingdom Treasury Bill rates some forecast may be made about the market probabilities in our own Treasury Bill Market. A knowledge of international affairs is becoming a prerequisite for flexible portfolio management in the World today.

Yield Curve Twist

In early 1961, the central bank indicated its open market operations would be less concerned with the Treasury Bill and Certificate segment of the market and more interested in operating in a broad range of maturities in the intermediate and longer-term area. The purpose was to "nudge" longer-term rates downward so the domestic business picture would be benefitted by lower-borrowing costs.

During previous periods of business recession, abundant excess reserves and very low interest rates were counted upon to stimulate the business recovery and reduce the high unemployment ratio. The large outflow of gold in the Fall of 1960 had focused attention on the rapidly deteriorating balance of payments situation and it was hoped that short-term rates could be kept high enough to discourage investment in foreign money markets. At the same time it was hoped that intermediate and longer-term purchases by the central bank would "nudge" interest rates lower for the benefit of domestic business.

The Federal Reserve System expanded credit from $25 billion in 1958 to $34 billion in 1963. Open market operations have reduced holdings of Securities maturing within one year by about $3 billion while increasing holdings in the 1-5 year area by $9 billion and in the 5-1 year category by $2 billion. The present yield curve is tending toward a flat 4% line and as the demand for credit increases due to improving business conditions, more investors may wish to sell longer term securities to the central bank.

This situation is reminiscent of late 1950 and early 1951 prior to the "Accord," when institutions transferred their 2½% Treasury bonds to the central bank portfolio and then reinvested in higher earning assets. It will be interesting to see how long the central bank will keep bidding for longer-term securities in the months ahead. If and when it discontinues operations Nudge and Twist, interest rates may move sharply higher because the breadth, depth and resiliency in today's Government Bond Market

Observations

By A. Wilfred May

Not Available This Week

is generally something to read about in the classroom.

It has been traditional to plot the yields of outstanding issues on a yield curve to determine which are cheap and which are over-valued; and to study historic spread relationships between issues with similar maturities. Operation Twist has resulted in a controlled market with an artificial yield curve that makes dependence upon this method somewhat hazardous.

Another means of ferreting out bargains is to prepare two yield charts; one for 1-10 year maturities and one for 10-35 year maturities. By finding the daily average for each segment of the market, we can then plot the deviations from the average. If we study these deviations it will be possible to note issues that are out of line, either from neglect or by market popularity. This method is particularly helpful prior to Treasury refundings when official buying may have created an artificial market.

These "new dimensions" require portfolio managers to become more flexible in portfolio administration. The changing deposit mix and shifting importance of investment vehicles call for frequent re-examination of liquidity needs and investment techniques. The investment man's challenge of today, is to utilize the profit potential of change, for the benefit of his institution.

*An address by Mr. Wilson at the Maine Bankers Regional Meeting, Portland, Maine, Oct. 23, 1963.

Calif. IBA Group Elects Officers

SAN FRANCISCO, Calif.—At the annual meeting of the California Group, Investment Bankers Association of America, held in San

Francis S. McComb A. Schwabacher, Jr.

Francisco, Francis S. McComb, Executive Vice-President, Wagenseller & Durst, Los Angeles, was elected Chairman. Albert E. Schwabacher, Jr., partner, Schwabacher & Co., San Francisco, was elected Vice-Chairman and Gerald F. Brush, Brush, Slocumb & Co., Inc., was elected Secretary-Treasurer.

Named to serve on the Executive Committee were: Gerald F. Brush, Brush, Slocumb & Co., Inc., San Francisco; Richard M. Davis, Davis, Skaggs & Co., San Francisco; Edmund M. Adams, Crowell, Weedon & Co., Los Angeles, and Donald M. Wright, Paine, Webber, Jackson & Curtis, Los Angeles.

With First Secs.

GOLDEN, Colo.—Robert J. Paul has become associated with First Securities of Golden, Inc., 1800 Jackson St. He was formerly with Peters, Writer & Christensen, Inc.

With H. M. Payson

PORTLAND, Maine—Willard W. Larrabee is with H. M. Payson & Co., 93 Exchange St.

Crocker-Citizens Nat'l Bank

By Dr. Ira U. Cobleigh, Economist

A salute to the new institution which ranks as the nation's twelfth largest commercial bank and California's oldest national bank.

On Friday, Nov. 1, 1963, a new huge and impressive California institution entered the American financial scene — the Crocker-Citizens National Bank, created as a merger of Crocker-Anglo National Bank, of San Francisco, and Citizens National Bank, in Los Angeles. The new bank began business with over 200 banking offices in 118 California communities in 34 counties, containing about 90% of the state's population. The combined institution ranks third in number of branches and twelfth in size among commercial banks in America. It has assets of over $3 billion, and capital funds of over $200 million with which to serve the burgeoning financial needs of our most populous state. The merger, and the statewide California branch banking system that results from it, are soundly conceived and of major interest to investors.

Crocker - Anglo National Bank

Crocker-Citizens National Bank represents, itself, an earlier merger of the Crocker First National Bank and Anglo California National Bank, two distinguished institutions which began banking the San Francisco area in the 1870's. Traditionally Crocker First National was more of a "wholesale" bank stressing big corporation accounts and extensive trust department activities. Anglo California had developed a sizable network of branches in Northern and Central California, majored in retail banking and had a large well managed foreign department.

Combined in 1956, as the Crocker-Anglo National Bank, the resulting institution in the six following years, increased its deposits by 55%, and its net operating income by 59%. Crocker-Anglo brought to the merger just completed, an institution with $2.4 billion in resources and 125 banking offices.

Citizens National

Citizens National started to serve the Los Angeles area in 1890 and had developed well rounded banking facilities in downtown and greater Los Angeles, serving individual, small and large corporations and an extensive network of correspondent banks. At the 1962 year-end, Citizens National Bank had 78 branches and over $800 million in resources.

Crocker-Citizens National Bank

The merging of these two renowned banking organizations, just described, creates an institution uniquely equipped to serve all of California, with the second largest branch banking network in that state, and total resources of about $3.2 billion. The competitive advantages of a bank able to serve both the Northern and Southern parts of the state are quite important. The expanded service area offers broad diversification of accounts and a spreading of risks among individual, industrial, commercial and agricultural accounts. The size and stature of the bank will attract and benefit correspondent banks; and the larger capital resources will increase the size of permissible loans to big corporate borrowers.

Operating Advantages

Consolidation of this kind also brings substantial operating advantages. The banks use similar computer systems which, combined, can be operated with improved efficiency. The joining of executive competences and talents creates a stronger management team both for handling existing business, and for planned expansion; and a combination of this magnitude always introduces opportunities for cost savings and elimination of duplicated facilities.

Terms of Merger

Crocker-Citizens National Bank has a capitalization consisting of 9,407,120 outstanding capital shares of $10 par value. Under the merger terms, each share of Crocker-Anglo becomes one share in the consolidated bank; and each share of Citizens National is entitled to receive 1-9/10 shares in the new bank. Putting this together, shareholders of Crocker-Anglo become owners of 70.15% of the new stock or 6,599,395 shares; while former Citizens National shareholders become the owners of 29.85% or 2,807,725 shares of Crocker Citizens National Bank. As of March 31, 1963, pro forma book value of the new stock was $21.03 per share. Also on a pro forma basis, earnings for 1962 would have been $2.26 per share, and 55 cents a share for the first quarter of 1963.

It has been assumed that the previous dividend rate of Crocker-Anglo National Bank, namely $1.40 per share, would be maintained. Crocker-Citizens National Bank new stock is now trading in the over - the - counter market at around 54, providing a yield, on the present dividend, of 2.6%. The predecessor banks had records of substantial dividend increases over the past six years and it seems reasonable to look forward to higher dividends, over time, on the new stock. (Citizens National had paid continuous dividends for 69 years before merging.) Present quotations indicates a price/earnings ratio of 24 to one.

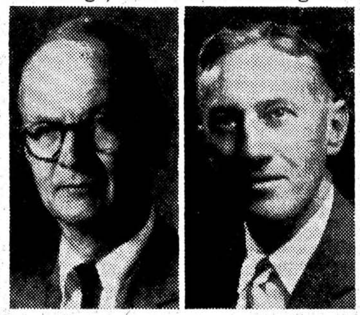
An important beneficiary of this merger is Transamerica Corporation which was believed to hold directly or indirectly, around 40% of the shares in Citizens National. With respect to transfer of these holdings in the merger, the Comptroller of the Currency has ruled that Transamerica, although entitled to have 3 directors on the Board of the consolidated bank, shall be limited to one; and Transamerica must agree to dispose of substantially all of its interests in the new bank by Dec. 31, 1966.

Conclusions

Because California ranks among the top states in the growth rate of population and per capita income; and leads in farm income, residential construction, defense spending and automobile registration, the state has presented an attractive climate for investors in growth equities. In the financial field shares in California banks, insurance companies and savings and loan associations have been exceedingly popular. Now something new has been added to the shopping list for individual and institutional investors, in the newly constituted shares of Crocker-Citizens National Bank. Selling at a reasonable price level, when compared with bank equities of comparable quality, Crocker Citizens capital stock offers excellent representation in the growth of California, the benefits of sophisticated branch banking, and participation in the expanding trend of earning power of a well managed banking institution with an impressive past and a bright future.

Walker to Open Boston Branch

BOSTON, Mass.—G. H. Walker & Co., investment bankers and members of the New York Stock Exchange, and other leading ex-



David W. McKnight Gordon E. Cadwgan

changes announce the opening of a Boston office, Dec. 2, at 10 Post Office Square. **The new office will be under the direction of David W. McKnight, as Managing Partner, and Gordon E. Cadwgan, General Partner.**

Mr. McKnight has been the firm's Director of Research and Research Partner since 1946 in their New York office. Prior to joining G. H. Walker & Co., he was a partner of Argus Research Corporation (N. Y.), and earlier on the Banking and Finance faculty of New York University.

Mr. Cadwgan, who comes from the firm's Providence office, has been a long-time associate and a general partner since 1957. He is a graduate, trustee and member of the Executive Committee of Brown University, President and Director of Children's Friend and Service of Rhode Island, Inc., a Vice-President and Director of Kent County Memorial Hospital, and a Trustee of Citizens Savings Bank. He is also a Director of Lowe's Companies, American Tube and Controls, Inc., and Virginia Dare Corp.

G. H. Walker & Co. was founded in St. Louis in 1900. Principal and offices in New England besides Boston and Providence are in Hartford, Waterbury, Pawtucket, Springfield, and Bridgeport. The firm's main office is at 45 Wall Street, New York City.

Illoway Joins NY Hanseatic

Lawrence Illoway has become associated with New York Hanseatic Corporation, 60 Broad Street, New York City, as Manager of the Corporate Bond Department. Mr. Illoway was formerly in charge of the Corporate Bond Department of Penington, Colket & Co. in Philadelphia.

Hayden, Stone Co. Appoints Mgrs.

Hayden, Stone & Co. Incorporated, 25 Broad Street, New York City, members of the New York Stock Exchange, have appointed John E. Parker, Sales Manager. Albert J. Eisenberg has been named Operations Manager of the 80 Pine Street sales office, and Jack Harris, Manager of the 1350 Broadway sales office.

Tax-Exempt Bond Market

BY DONALD D. MACKEY

The state and municipal bond market has been in an obviously more confused state during the past week than has been the case since the July shakeout. Although the increase in margin rate, from 50% to 70% two weeks ago, seemed a routine enough development and appeared to be sloughed off as such by the stock market, it triggered some trouble for the municipal bond market more by association or chain reaction than by direction.

Dollar Bonds Affected

Several of the dollar quoted long-term issues were directly depreciated by the margin change as a large volume of these bonds are regularly margined by large trading accounts. This circumstance has been reflected to the extent that the *Commercial and Financial Chronicle's* revenue bond yield Index increased from 3.574% to 3.600% in the course of the past week. This represents an average loss of close to three-quarters of a point for the 23 actively traded bonds utilized in our Index.

G. O.s Off Moderately

State and municipal bonds generally have not fared as badly during this period, although the price trend continues to be moderately down. Margin considerations are usually not a direct factor in this sphere but the municipal market's technical factors have been negative enough for the past many weeks to invite further ease under any associative influence such as the dollar bond sell-off. The *Chronicle's* high grade 20-year bond yield Index (general obligations) increased from 3.103% to 3.114% in the course of last week. This quarter point sell-off reflects the change in top grade offerings.

We wish to note again that this Index as well as other yield Indexes, does not precisely measure the market's level in a downward trend. During the past few months, markets for secondary blocks have widened to the extent that actual bids are frequently much lower than the level of average transactions. Appraising secondary blocks of serial bonds has become a highly ephemeral business to say the least.

30-Days Long Enough

During the past week a sizable volume of state new issue and municipal balances has been cut loose and the development, in our opinion, is long overdue. New issue syndicate agreements have as a general rule been of too long duration.

Without discoursing on the subject and its manifold ramifications, it seems fair to generalize that a 30-day agreement should become standard regardless of sales. This circumstance would result in more realistic pricing and effective distribution no matter what the current level of the market.

Dealers Wearing Two Hats

The subject of Street inventory continues to be a matter of mild controversy. Inventory has become a much broader term over the last couple of years as commercial banks have become a dominating factor in the bond business and as dealers have to a degree become investors, temporarily at least, either consciously or unwittingly. However, the Street acts as though it's loaded and that's as specific as one can be. The Blue List of State and Municipal offerings totals $519,781,000 as of Nov. 13. This has been about normal over the past few months.

Business in Prospect

The current calendar of new issue offerings has averaged in the $500,000,000 area for the past several weeks. This same level of offerings obtains presently. The calendar continues to involve only moderately sized offerings. Between now and the first of the year the largest scheduled issue is $53,400,000 State of Minnesota bonds up for sale Nov. 26. Next in order of volume is $32,950,000 Pennsylvania State School Building Authority bonds for sale Nov. 19; $30,000,000 East Bay Municipal Utility District, California bonds selling Nov. 20 and $24,000,000 Los Angeles, California DWAP bonds also on Nov. 20.

In the proposed negotiated sphere, $70,000,000 Kentucky Turnpike Authority, Central Kentucky Toll Road, term and serial bonds will be offered shortly by the *Allen & Co.* group, and $62,765,000 New York State Housing Finance Agency bonds will be offered by the *Phelps, Fenn & Co.* group on Nov. 20. A $60,000,000 or $70,000,000 Toledo - Lucas County, Port Authority, Ohio issue is being readied by the *Blyth & Co.* group for offering sometime around the end of the year.

"Tolling Downward"

As previously indicated the toll road, toll bridge and public utility revenue issues have been under some pressure particularly during the past week. The issues more directly effected have been Indiana Toll Road 3½s off three-quarters; Kansas Turnpike 3⅜s off three-quarters; Los Angeles Metropolitan Transit Authority 3¾s off one; Mackinac Bridge 4s off one-half; Maine Turnpike 4s off one-half, New York State Power Authority 4.20s off three-quarters; Ohio Turnpike 3¼s off three - quarters; West Virginia Turnpike 3¾s off three-quarters and Port of New York Authority 3.40s off one.

The important linkage between the Indiana Toll Road and the Illinois Tollway is now under construction. This salient part of the continuum of the toll roads between New York and Chicago is expected to be completed within a year.

Recent Awards

The new issue calendar for the past week totaled $158,098,000 of various bonds and included in this total were three large important general obligation loans. Bidding levels were fractionally lower than in past weeks and dealers and commercial banks backed down prices to try to find a level that would attract general investor interest. Unfortunately, to date this prospective retail demand has not been generated as most issues are off only to a fair start upon reoffering.

Last Thursday there were three sales of note on the docket. Cook County, Illinois offered $20,000,000 Expressway serial (1964-1973) bonds and the group headed jointly by the *First National Bank of Chicago, Harris Trust and Savings Bank, The Northern Trust Co.,* the *Continental Illinois National Bank and Trust Co.* and *First National City Bank* submitted the best bid, a 2.9094% net interest cost. The second bid, a 2.962% net interest cost, was made by the Halsey, Stuart & Co. account and the third bid, a 2.981% net interest cost, came from the Chase Manhattan Bank syndicate.

Other major members of the winning group include Morgan Guaranty Trust Co., Kuhn, Loeb & Co., First National Bank of Oregon, White, Weld & Co., Paine, Webber, Jackson & Curtis, R. W. Pressprich & Co., American National Bank and Trust Co., Chicago, Trust Co. of Georgia, City National Bank and Trust Co., Kansas City and Fidelity Union Trust Co., Newark.

Reoffered to yield from 2.05% to 2.95% for all 3s, balance in group at press time was $9,430,000.

Fast Mover

Washington County (Hagerstown), Maryland awarded $9,750,000 School (1964-1988) bonds to the account managed by *Halsey, Stuart & Co.* at a net interest cost of 3.2461%. This winning bid compared very favorably with the second bid, a 3.2464% net interest cost, made by the Continental Illinois National Bank and Trust Co. and the First National Bank of Chicago group.

Other major members of the successful account are Lehman Brothers, Phelps, Fenn & Co., C. J. Devine & Co., Eastman Dillon, Union Securities & Co., R. W. Pressprich & Co., Mercantile Trust Co. of St. Louis, R. S. Dickson & Co., First of Michigan Corp., Hayden, Stone & Co., Hornblower & Weeks, Goodbody & Co., W. H. Morton & Co., Bramhall, Falion & Co., E. F. Hutton & Co. and Kean, Taylor & Co.

Scaled to yield from 2.00% to 3.35% for various coupons, this issue attracted big demand with all of the bonds sold and the account marked closed.

Thursday's final sale of importance involved $8,650,000 City of Boston, Massachusetts various purpose (1964-1983) bonds. The group led by *The First Boston Corp.* submitted the high bid, a 3.2017% net interest cost, and the runner-up bid, a 3.21% net in-

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.30%	3.20%
*Connecticut, State	3¾%	1981-1982	3.25%	3.15%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.15%	3.05%
New York, State	3¼%	1981-1982	3.05%	2.95%
Pennsylvania, State	3⅜%	1974-1975	3.00%	2.85%
Delaware, State	2.90%	1981-1982	3.20%	3.10%
New Housing Auth. (N. Y., N. Y.)	3½%	1981-1982	3.15%	3.05%
Los Angeles, California	3¾%	1981-1982	3.30%	3.20%
*Baltimore, Maryland	3¼%	1981	3.25%	3.15%
*Cincinnati, Ohio	3½%	1981	3.20%	3.10%
Philadelphia, Pennsylvania	3½%	1981	3.40%	3.25%
*Chicago, Ilinois	3¼%	1981	3.35%	3.25%
New York City	3%	1980	3.22%	3.16%

November 13, 1963 Index=3.114%

* No apparent availability.

Larger Issues Scheduled For Sale

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

November 14 (Thursday)			
Atlantic City, N. J.	2,150,000	1964-1978	8:00 p.m.
Breitung Tp. Sch. Dist., Mich.	1,375,000	1964-1989	8:00 p.m.
Hamilton Twp., N. J.	3,780,000	1964-1979	8:00 p.m.
Jefferson Par. Comm. Center & Playground Dist. No. 4, La.	1,000,000	1965-1984	2:00 p.m.
Jefferson Par. East Bank Cons. Sewerage Dist., La.	3,000,000	1968-1994	2:00 p.m.
Kentucky Turnpike Auth., Ky.	70,000,000	1969-2002	--------
[Negotiated purchase to be underwritten by syndicate managed by Allen & Co., John Nuveen & Co.; B. J. Van Ingen & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Francis I. duPont & Co.; Equitable Securities Corp. and The Kentucky Company]			
Oklahoma Co. Ind. School District No. 89, Oklahoma	3,000,000	1964-1977	--------
Parma Etc., CSD No. 1, N. Y.	1,800,000	1964-1993	2:00 p.m.
St. Clair Co. Belleville Tp. H. S.-Jr. Coll. Dist. 201, Ill.	7,300,000	1965-1983	8:15 p.m.
Schenectady, N. Y.	1,040,000	1964-1984	11:00 a.m.
Syracuse, N. Y.	1,860,000	1964-1975	11:00 a.m.
Yuba County, Court House Bldg., Refunding, Calif.	2,265,000	1963-1988	10:00 a.m.
November 15 (Friday)			
Grafton & Cedarburg Joint School District No. 1, Wis.	1,068,000	1964-1983	7:30 p.m.
Iowa State University	16,000,000	1966-2003	--------
November 18 (Monday)			
Arapahoe County Sch. Dist., Colo.	1,887,000	1965-1982	8:00 p.m.
Flatwoods, Ky.	1,125,000	1964-1990	8:00 p.m.
Livingston Tp., N. J.	1,060,000	1964-1983	8:30 p.m.
Monterey Co. Flood Control & Water Cons. Dist., Calif.	12,900,000	1966-2004	1:30 p.m.
North Brunswick Tp., N. J.	2,000,000	1965-1984	8:00 p.m.
November 19 (Tuesday)			
Clarksdale, Miss.	1,100,000	1965-1989	3:00 p.m.
Cobb Co-Marietta Water Auth., Ga.	3,000,000	1966-1993	11:00 a.m.
Columbus, Co., N. C.	1,000,000	1965-1988	11:00 a.m.
Fayette Co., Ky.	2,234,000	1965-1976	--------
Fayette Co. Sch. Bldg., Refunding Rev., Ky.	2,234,000	1965-1976	2:00 p.m.
Modesto City S. D., Calif.	1,000,000	1965-1989	10:15 a.m.
New Hope, Minn.	1,100,000	1964-1982	7:30 p.m.
Pennsylvania State P. S. Building Authority, Pa.	32,950,000	1964-2003	Noon
Raleigh Utility G. O., N. C.	1,360,000	1964-1980	11:00 a.m.
Rochester Spec. S. D. No. 4, Minn.	1,200,000	1967-1980	1:00 p.m.
St. Paul, Minn.	7,700,000	1966-1993	10:00 a.m.
Santa Cruz, Calif.	6,635,000	1971-1989	7:30 p.m.
Washington Co., S. D., Utah	1,175,000	1964-1977	6:30 p.m.
Weber St. Coll. Ogden City, Utah	2,365,000	1964-2003	10:00 a.m.
November 20 (Wednesday)			
East Bay Municipal Dist., Calif.	30,000,000	1964-1993	10:00 a.m.
Hartford Co. Metro Dist., Conn.	5,800,000	1964-2003	2:00 p.m.
King Co. Renton S. D. No. 403, Utah	2,560,000	1965-1983	11:00 a.m.
Los Angeles, Calif.	24,000,000	1964-1993	11:00 a.m.
New York State Housing Finance Agency, Univ. Const. & Expans. Revenues	62,765,000	1964-1965	--------
[Negotiated purchase to be underwritten by syndicate headed by: Phelps, Fenn & Co., Lehman Brothers, Smith, Barney & Co., and W. H. Morton & Co.]			
Worcester, Mass.	8,600,000	1964-1983	--------
November 21 (Thursday)			
Alexandria City Imp., Va.	5,000,000	1964-1983	Noon
Bloomington, Minn.	3,500,000	--------	12:30 p.m.
Broward Co. Fla.	2,000,000	1965-1986	2:00 p.m.
Cedar Rapids, Iowa	1,450,000	1964-1980	10:00 a.m.
Coventry School, R. I.	1,000,000	--------	--------
Holyoke, Mass.	1,570,000	1964-1983	11:00 a.m.
Maysville, Ky.	1,500,000	1964-1998	2:00 p.m.
New York State Power Auth., N. Y.	17,000,000	1969-1980	11:00 a.m.
Penn Tp. Sch. Bldg. Corp., Ind.	3,430,000	1965-1985	2:00 p.m.
Standley Lake Water & Sanitary District, Colo.	1,000,000	--------	--------
Temple Ind. Sch. Dist., Texas	1,000,000	1964-1994	2:00 p.m.
Troy, N. Y.	1,300,000	1964-1977	2:00 p.m.
Watertown, N. Y.	1,449,000	1964-1988	2:00 p.m.
November 25 (Monday)			
East Brunswick Tp., N. J.	1,200,000	1964-1980	8:00 p.m.
Palo Alto Unif. Sch. Dist., Calif.	1,500,000	1964-1988	10:00 a.m.
November 26 (Tuesday)			
Bowling Green, Ky.	10,000,000	1965-2003	10:00 a.m.
Burbank, Calif.	5,000,000	1964-1983	7:00 p.m.
Fayetteville, N. C.	1,600,000	1964-1984	11:00 a.m.
Mecklenburg Co. Sch. Bldg., N. C.	5,400,000	1966-1988	11:00 a.m.
Minnesota, State Refunding & School Loans	53,400,000	1965-1982	10:00 a.m.
Montgomery Co., Md.	10,500,000	1964-1993	11:00 a.m.
Pasadena Unif. S. D., Calif.	3,000,000	1965-1984	9:00 a.m.
West Hartford, Conn.	1,600,000	1964-1983	11:00 a.m.
November 27 (Wednesday)			
Paterson, N. J.	7,183,000	1965-1989	11:00 a.m.
Pittsylvania Co. School, Va.	3,250,000	1964-1983	Noon

terest cost, was made by Salomon Brothers & Hutzler and associates. In addition, there were eight other groups which submitted interest cost bids ranging from 3.22% to 3.32% for this popular issue.

Associated with The First Boston Corp. group as major underwriters are National Shawmut Bank of Boston, First National Bankin Dallas, First National Bank of Memphis, Estabrook & Co., Trust Company of Georgia and the Wachovia Bank and Trust Co., Winston-Salem.

Reoffered to yield from 2.10% to 3.50% for 3% and 3¼% coupons, initial demand was modest, with the present balance in group $4,315,000.

Current Week's Action

On Friday, there were no issues of note and Monday, due to the Veteran's Day Holiday, was a dull affair. Tuesday saw the largest loan of the week, $38,270,000 State of Maryland various purpose (1966-1978) bonds, offered for public bidding. The group managed by *The First Boston Corp.* was the successful bidder for ten of the loans involved, totaling $32,270,000 at a net interest cost of 2.888%. The runner-up bid, a 2.923% net interest cost, came from the account jointly managed by the Harris Trust and Savings Bank and Drexel & Co.

Other major members of The First Boston Corp. group are Bank of America N. T. & S. A., Mellon National Bank and Trust Co., National Bank of Detroit, American Fletcher National Bank and Trust Co. of Indianapolis and the First Union National Bank of North Carolina.

Scaled to yield from 2.25% to 3.00% for all 3s, initial demand has been disappointing, with the present balance in group totaling $18,825,000.

Missing the Boat

The remaining $6,000,000 State of Maryland General Construction (1966-1978) bonds were bought by the *Pittsburgh National Bank*, bidding alone, at 100.03 for 2⅞s. No reoffering of the bonds was made. It is too bad that the Bank did not just sit back and buy the bonds they needed from the second bidder as they might have had a 3% coupon at a better yield.

Philadelphia's Going Well

Wednesday's only sale of importance involved $31,800,000 Philadelphia, Pennsylvania Unlimited Tax (1965-1994) bonds. The account jointly managed by the *First National City Bank, Halsey, Stuart & Co.* and *Philadelphia National Bank* merged with the syndicate managed by *Lehman Brothers* and *Blyth & Co.* to submit the winning bid, a 3.33% net interest cost and a 3.38% net interest cost for the short and long loans respectively. The runner-up bid involved a 3.36% and a 3.41% net interest cost and was submitted by the Chase Manhattan Bank and associates.

Other major members of this merged account include Harris Trust and Savings Bank, Phelps, Fenn & Co., C. J. Devine & Co., Lazard Freres & Company, The Northern Trust Co., Glore, Forgan & Co., Goldman, Sachs & Co. and Salomon, Brothers & Hutzler.

The bonds were reoffered to yield from 2.40% in 1966 to 3.50% in 1993 and it is estimated that about 50% of the bonds have been sold. The bonds due in 1965 and 1994 were sold pre-sale.

In summary it appears that the market continues to lack any broad, solid support. Institutional buyers, long conditioned to backing away from current offerings, remain for the most part as interested observers, while dealers go on pricing new issues academically.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Call Options—Analysis of the use of call options as an investment—Draper Dobie & Company Ltd., 25 Adelaide Street West, Toronto 1, Ont., Canada.

Canada and Canadian Provinces, Funded Debts Outstanding, March 1963, with addenda to June 1963 ——booklet——Investment Dealers' Association of Canada, 55 Yonge Street, Toronto, Ont., Can.

Canadian Common Stocks—Comparisons arranged by industries—Equitable Brokers Limited, 60 Yonge Street, Toronto 1, Ont., Canada.

Canadian Economy — Study in current issue of "Investornews"—Francis I. duPont & Co., 1 Wall Street, New York, N. Y. 10005.

Also in the same issue are analyses of the **Steel Industry, F. W. Woolworth, Reynolds Metals** and **Burlington Industries.**

Canadian Stocks — Comparative data, arranged by industry—Midland-Osler Securities Limited, 44 King Street, West, Toronto, Ont., Canada.

Colorado's Economy with projections to 1970 — Analysis — Public Service Company of Colorado, P.O. Box 840, Denver, Colo. 80201.

Fundscope — Magazine on mutual funds and investment companies, with performance data and reference material—four months trial subscription $5 (including Mutual Fund Guide); an article on combining Mutual funds and life insurance for financial securities; and an article entitled "Are No Load Funds a Bargain?"—Fund-Scope Magazine, Dept. CVC, 5455 Wilshire Boulevard, Los Angeles, Calif. 90036.

Fire & Casualty Stocks—Bulletin on midyear results—Laird, Bissell & Meeds, 120 Broadway, New York, N. Y. 10005.

Funk & Scott Index of Corporations & Industries — Index of articles on corporations, industries, and general business subjects taken from over 200 financial publications, 350 broker's reports, and speeches before analysts societies — 1962 Annual Cumulative Volume $30. Further information on the weekly or monthly issues available on request—Investment Index Co., 206 F Colonade Building, Cleveland 6, Ohio.

Industry Review — Comments on 26 selected industries — Harris, Upham & Co., 120 Broadway, New York, N. Y. 10005.

Also available is a portfolio of stocks selling under 30.

Life Insurance Stocks—An objective review — Capital Planning Services, Inc., 211 Union Street, Nashville, Tenn. 37203.

Japanese Market — Review—Daiwa Securities Co. Limited, 149 Broadway, New York, N. Y. 10006. Also available are reviews of **Koyo Seiko, Meiji Seika, Nippon Oil, Oji Paper, Shin Mitsubishi Heavy Industries** and **Yawata Iron & Steel.**

Malaysia — Economic brochure—First National City Bank, 55 Wall Street, New York, N. Y. 10015.

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 25-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Publishing Industry — Review with particular reference to **Ginn & Co.** — L. F. Rothschild & Co., 120 Broadway, New York, N. Y. 10005.

Selected Stocks—Bulletin—Ralph E. Samuel & Co., 2 Broadway, New York, N. Y. 10004.

Stock Market and the Economy—Report — Goodbody & Co., 2 Broadway, New York, N. Y. 10004. Also available is a report on the **Bond Market**, and an analysis of the **Monarch Marking System.**

Stocks selling well below their 1961-63 highs — Tabulation — Courts & Co., 11 Marietta St., N. W., Atlanta, Ga. 30301.

Supermarket Chains — Comments —Thomson & McKinnon, 2 Broadway, New York, N. Y. 10004.

Western Europe—Economic Study with comments on eleven companies—Burnham and Company, 60 Broad Street, New York, N. Y. 10004.

Yield Over the Counter — Brochure briefly itemizing dividends, yields of 3% or better and earnings of 205 industrials and 47 utilities yielding 2% or better—compared with Dow-Jones Industrials and Utilities yields—Troster, Singer & Co., 74 Trinity Pl., New York, N. Y. 10006.

* * *

Aeroquip Corp.—Analysis—Dreyfus & Co., 2 Broadway, New York, N. Y. 10004.

Alberto Culver Company — Detailed analytical brochure — (for institutional investors) Rutner, Jackson & Gray, Inc., 811 West Seventh Street, Los Angeles, Calif. 90017.

Also available is detailed report on **Roadcraft Manufacturing and Leasing Corp.**

American Crystal Sugar—Technical analysis — McDonnell & Co., Incorporated, 120 Broadway, New York, N. Y. 10005.

Avon Products — Report—Arthur Wiesenberger & Company, 61 Broadway, New York, N. Y. 10006 ($2.50 per copy).

In the same report is a discussion of **General Tire & Rubber.** Also available are comments on **Fruehauf Corp., International Harvester Company, International Telephone & Telegraph Corp.** and **F. W. Woolworth Co.**

Bathurst Power and Paper Company—Bulletin—Gairdner & Co., Ltd., 320 Bay Street, Toronto 1, Ont., Canada.

Also available is a pamphlet on **Canadian Stocks.**

Beatrice Foods Company—Analysis—Gude, Winmill & Co., 1 Wall Street, New York, N. Y. 10005.

Blaw Knox Company—Analysis—Parrish & Co., 40 Wall Street, New York, N. Y. 10005.

Also available is an analysis of **Federal National Mortgage Association.**

Borden Company — Survey—Fahnestock & Co., 65 Broadway, New York, N. Y. 10006.

Also available is an analysis of **Warner Lambert Pharmaceutical.**

Diners' Club — Analysis—Purcell, Graham & Co., 50 Broadway, New York, N. Y. 10004.

Also available are analyses of **Minneapolis Honeywell Regulator, Perkin Elmer, Norton Company, Lear Siegler** and **Tractor Supply.**

Electrographic Corp.—Analysis—Walston & Co., Inc., 74 Wall St., New York, N. Y. 10005.

Also available is a list of selected securities.

FMC Corporation — Analysis—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York, N. Y. 10005.

Also available are reviews of **Becton, Dickinson & Co.,** and **R. H. Macy & Co.**

Ford Motor Company—Analysis—Coggeshall & Hicks, 50 Broadway, New York, N. Y. 10004.

Gimbel Brothers, Inc.—Analysis—Shearson, Hammill & Co., 14 Wall Street, New York, N. Y. 10005.

Indiana General Corporation—Analysis—Orvis Brothers & Co., 30 Broad Street, New York, N. Y. 10004.

Also available are comments on **First Charter Financial Corp., Atlantic Coast Line - Seaboard Air Line Merger,** and **United Biscuit.**

International Business Machines—Review—Hirsch & Co., 25 Broad Street, New York, N. Y. 10004.

Also available are reviews of **Allied Chemical, Kansas Gas & Electric, Western Union,** and comments on **Ford Motor Co., Delta Air Lines, Virginia Electric & Power, Building Industry.**

International Flavors & Fragrances — Analysis — Edwards & Hanly, 100 North Franklin Street, Hempstead, N. Y.

International Telephone & Telegraph—Review in current issue of monthly "Investment Letter"—Hayden, Stone & Co., Incorporated, 25 Broad Street, New York, N. Y. 10004.

Also in the same issues are reviews of **United Merchants and Manufacturers** and **Packard Bell.**

Major Pool Equipment Corp. — Report — Hill, Thompson & Co., Inc., 70 Wall Street, New York, N. Y. 10005.

Mandrel Industries — Analysis—Wm. H. Tegtmeyer & Co., 39 So. La Salle Street, Chicago, Ill. 60603.

Manpower, Inc.—Analysis—Robt. W. Baird & Co., 731 North Water Street, Milwaukee, Wis. 53201. Also available are analyses of **Howard Johnson Company** and **Louisville & Nashville Railroad.**

Maryland Casualty — Review — W. E. Hutton & Co., 14 Wall St., New York, N. Y. 10005. Also available are reviews of **American Seating Company, International Flavors & Fragrances, Kimberly Clark Corp.,** and **Dravo Corp.**

J. Ray McDermott — Analysis—Moore & Schley, 120 Broadway, New York, N. Y. 10005. Also available is an analysis of **Mid-western Financial** and of **Bank Stocks.**

Mohawk Rubber Company—Analysis—Hill Richards & Co., Incorporated, 621 South Spring Street, Los Angeles, Calif. 90014.

North American Aviation—Bulletin — Henry Gellermann, Dept. CFC—Bache & Co., 36 Wall St., New York, N. Y. 10005. Also available are comments on **Fiberboard, Minnesota & Ontario, Chicago Pneumatic Tool** and **Link Belt.**

Pioneer Plastics Corp. — Analysis —Richard S. Graham, Dept. CFC, Reynolds & Co., 120 Broadway, New York, N. Y. 10005. Also available is an analysis of **West Virginia Pulp & Paper.**

Plough Inc. — Analysis — Cohen, Simonson & Co., 25 Broad Street, New York, N. Y. 10004. Also available is an analysis of **Cluett, Peabody & Co.**

St. Joseph Lead Company—Analysis — Schweickart & Co., 2 Broadway, New York, N. Y. 10004.

South Puerto Rico Sugar—Comments—Winslow, Cohu & Stetson, Inc., 26 Broadway, New York, N. Y. 10004.

Sperry Rand Corp.—Analysis—Brand, Grumet & Seigel, Inc., 67 Broad Street, New York, N. Y. 10004.

Sunset International Petroleum Corporation—Analytical Brochure —Kleiner, Bell & Co., 315 South Beverly Drive, Beverly Hills, Calif.

Texas Technological College Housing System Revenue Bonds—Circular—Rauscher, Pierce & Co., Inc., Milam Building, San Antonio, Texas 78205.

Thomas Industries, Inc.—Analysis —Glore, Forgan & Co., 135 South La Salle Street, Chicago, Ill. 60603.

Union Tank Car Company—Analysis—Freehling & Co., 120 South La Salle Street, Chicago, Ill. 60603.

U. S. Steel — Chart Analysis — Reuben Rose & Co., Inc., 115 Broadway, New York, N. Y. 10006.

Wall Street Transcript — Full original texts of brokers comments and reports reprinted and cross-indexed—Current issue $1 —Wall Street Transcript, Dept. 928, 54 Wall St., New York, N. Y. 10005.

Philadelphia Bonds Publicly Offered

The City of Philadelphia on Nov. 13 sold two issues of various purpose bonds totalling $31,800,000 principal amount to a group jointly managed by First National City Bank of New York, Lehman Brothers, Halsey, Stuart & Co. Inc., Blyth & Co., Inc., and Philadelphia National Bank.

For an issue of $18,300,000 Bonds, due Jan. 1, 1965, through 1994, the group bid 100.015% for coupons of 4½%, 3½%, 3.40% and 1/10%, setting an annual net interest cost of 3.3865%.

On reoffering, these securities were priced to yield from 2.10% in 1965 out to 3.50% in 1933. Bonds with 1/10% coupon, due in 1994, were not reoffered.

For an issue of $13,500,000 bonds, due Jan. 1, 1965 to 1989, inclusive, the group bid 100.0008 for coupons of 4½%, 3.60%, 3.20%, 3¼%, 3.30% and 1/10%, setting an annual net interest cost of 3.3296%. This issue was reoffered on a scale to yield from 2.10% in 1965 out to 3.45% in 1988. Bonds with a 1/10% coupon and due in 1989 were not reoffered.

Also associated in this offering were:

Harris Trust & Savings Bank; Phelps, Fenn & Co.; C. J. Devine & Co.; Lazard Freres & Co.; Goldman, Sachs & Co.; Glore, Forgan & Co.; Salomon Brothers & Hutzler; Stroud & Co., Inc.; R. W. Pressprich & Co.; B. J. Van Ingen & Co., Inc.; Blair & Co., Granbery, Marache Inc.;

Stone & Webster Securities Corp.; Fidelity-Philadelphia Trust Co.; Hornblower & Weeks; The First National Bank of Oregon; Weeden & Co., Inc.; Dean Witter & Co.; First of Michigan Corp.; Estabrook & Co.; Bache & Co.; L. F. Rothschild & Co.;

Wood, Struthers & Co., Inc.; J. C. Bradford & Co., Inc.; Industrial National Bank of Rhode Island; National State Bank, Newark; F. S. Smithers & Co.; New York Hanseatic Corp.; Roosevelt & Cross Inc.; Bacon, Whipple & Co.; Butcher & Sherrerd; Singer, Deane & Scribner; Schmidt, Roberts & Parke; Mercantile National Bank at Dallas;

Braun, Bosworth & Co., Inc.; E. F. Hutton & Co., Inc.; Fahnestock & Co.; The First National Bank of Memphis; Republic National Bank of Dallas; G. H. Walker & Co.; Moore, Leonard & Lynch; Field, Richards & Co.; J. R. Williston & Beane, Inc.; Lyons, Hannahs & Lee, Inc.;

Hattier & Sanford; DeHaven & Townsend, Crouter & Bodine; Gregory & Sons; Mackey, Dunn & Co., Inc.; C. C. Collings & Co., Inc.; Allan Blair & Co.; Ball, Burge & Kraus; Chapman, Howe & Co.; Pohl & Co., Inc.;

Robinson & Co., Inc.; Dolphin & Bradbury; Bioren & Co.; C. S. McKee & Co., Inc.; M. M. Freeman & Co., Inc.; Glover & MacGregor, Inc.; Cunningham, Schmertz & Co., Inc.; McKelvy & Co.

Britain's Problem: Finding Profit Control Formula

By Paul Einzig

Britain's current, fruitless attempt to find a formula fixing profits to placate labor is said to offer a striking lesson in futility. Dr. Einzig remindfully points out that profits are a residual and cannot be subjected to the same arguments levied against excessive wages. Moreover, the economist notes how hopeless it has been to translate productivity gains into lower prices in view of labor's success in obtaining higher wages. Further he maintains that wages in expanding industries must be kept behind productivity gains if overall wages are to be the same.

LONDON, Eng. — The National Incomes Commission is faced by a problem for which there appears to be no solution. It is trying to find a formula for controlling profits, in order to satisfy the trade unions that wages are not the only incomes which it aims at restraining. The government attaches considerable importance to finding a solution which would be acceptable to trade unions, not only in order to induce them to accept a certain degree of wage restraint but also in order to increase its popularity in industrial districts during election year.

Absurdity of Fixing Profits

It is of course absurd to imagine that profits could be restrained in the same way as wages or salaries could. Profits are not fixed in advance but are residual items, the difference between costs and the proceeds of the sales of the goods produced. There can be no direct limitation of profits, for the simple reason that nobody can possibly know even approximately what their amount is likely to be during the next 12 months.

In any case, profits are apt to fluctuate within a very wide range, they are likely to fall from time to time, while wages are rising almost without interruption. This is a consideration which is entirely overlooked by trade unions. They fail to appreciate the immense advantage of being immune from wage cuts.

Trade unions also refuse to admit the basic difference between wages and profits from the point of view of their inflationary effect. Profits are only inflationary if and when, and to the extent to which, they give rise to additional wage payments. A very substantial part of an increase in profits is taken away in additional taxation. Another substantial part is saved. Of the remainder, much of it is spent in such a way that it does not cause a rise in the cost of production or the cost of living. For instance if it is spent on objects of art or antique furniture, the additional demand does not affect the prices of anything that enter into the cost of living or into the cost of production.

It is only if additional profits lead to additional spending on goods or services which call for additional labor that they tend to raise the cost of production and the cost of living. If, for instance, additional automobiles are bought or additional houses are built, this necessitates more overtime pay, or the employment of additional hands, or it may accentuate the shortage of labor and gives rise to additional wage demands.

To sum up, in so far as additional profits are inflationary, they tend to increase also the incomes of organized labor. The latter have no ground to complain, since they share in the benefits derived from higher profits. In so far as additional profits do not lead to additional wage payments, they are not inflationary. This being so, the same argument which is applied against excessive wage payments cannot be applied against higher profits.

Economics of Profits Often Ignored

So much for the arithmetic of the wage - profits controversy. Now, as for its economics, even the most illiterate trade unionist must be aware that rising profits mean rising Stock Echange prices, which again stimulate capital expenditure by industry, leading to more work and higher wages. While the limitation and reduction of profits may give some satisfaction to people brought up in the religion of envy and spite that is Socialism, that is about the only satisfaction they can get out of it, at the cost of restraining the expansion of the output.

A suggestion which is believed to be under consideration by the National Incomes Commission is whether, to satisfy the trade unions, employers could not be induced to restrain their profits by means of lowering their prices or failing to raise them when wages are raised. But that was precisely what happened in 1961-62, and the result was a world-wide recession leading to an increase of unemployment.

In any case, it is difficult to induce employers to agree to a reduction of prices unless they can be sure that they will not be stabbed in the back by additional wage demands. Let us suppose that, as a result of the installation of modern equipment, a firm is able to lower its costs by 5%. If it were to reduce its prices by 5%, it may find itself in a position in which higher wages would force it to raise them again. Since the prices of its goods are widely advertised, it would be anything but helpful to have to advertise a 5% cut and soon after a 5% increase.

Wages and Productivity

Employers and employees of firms which succeed in increasing their productivity are usually very pleased with themselves if they restrict wage increases to the extent of the increase of their productivity. They feel they have done their duty to the community. In reality, in order to avoid wage inflation, increases in the productivity of progressive firms have to pay also for the wage increases in stagnant and declining industries. Any wage increases granted in progressive industries are bound to spread over industries which have no surplus to give away. Unless the wage demands in such industries—such as transport services, for instance—keep more or less pace with those conceded in progressive industries, the manpower in essential but stagnant or declining industries will soon become inadequate. To avoid wage inflation, wage increases in expanding industries must remain behind the increase of their productivity.

With H. C. Wainwright

BOSTON, Mass.—Robert H. Cushman is with H. C. Wainwright & Co., 60 State St., members of the New York and Boston Stock Exchanges.

Wm. Gormley Now With Bache & Co.

SAN FRANCISCO, Calif.—Bache & Co. has established a municipal bond department in its San Francisco office, 120 Montgomery St., with William E. Gormley in charge, it has been announced by J. Ogden Mills, Jr., resident manager.

William E. Gormley

Mr. Gormley has been in the investment business in California and Arizona for the past 12 years, recently with Francis I. duPont & Co. Much of that time has been spent in the syndication and sales of municipal securities.

The new department manager is a member of the San Francisco Bond Club and the Municipal Bond Club of San Francisco.

Now Proprietor

Frank M. Stevens, formerly a partner in Financial Designs Co., 18 East 48th St., New York City, is now sole proprietor of the firm.

Case for Long & Short Term Paper Stock Purchases

By Frederic S. Coffman, Jr.,* *Security Analyst, Laird & Company, Corporation, New York City*

Improved prices and capacity operations have placed the paper industry on the threshold of worthwhile investment performance. Mr. Coffman believes that the days of past five and six years bleak experience are over and he projects favorable outlook for tha industry and for some of its stocks. He notes that most paper stocks are currently selling at or below P/E of the DJiA and holds they offer a fertile field for new institutional type commitments.

It's been a long time since I discussed the paper industry and its equities. The past five or six years have been pretty bleak for the paper analyst. The only attractive investments have been on the industry's fringes and they have required precise timing and have been few and far between. However, the situation today is showing distinct signs of change for the better.

The big news in the paper industry today is, of course, its improving pricing conditions. The strengthening has been brought about by many factors, but unquestionably the two major ones are the very high current level of operations in many grades, and the prospect of relatively small capacity expansion during the next year and a half to two years.

During the last week of August, in producing 381,000 tons of product, the board sector of the industry operated at 100% of capacity as reported by the National Paperboard Association. This is the first time a 100% or better rate has been achieved in at least five years. While this period was undoubtedly influenced by advance buying in anticipation of price increases which became effective Sept. 1, backlogs in recent weeks have been and are currently at or near all time high levels, and it is probable that more 100% weeks will be achieved this fall. During the week ended Sept. 28, 379,000 tons were produced, which measured on a machine-time basis produced a 98% operating rate.

Board capacity by the end of this year will be 2.7% higher, with the major gains to be recorded in the closing months of the year. During 1964 and 1965, according to the most recent American Paper and Pulp Association survey, board capacity will be increased an additional 2.2% in each year. The increases in each of the three years, 1963, 1964, and 1965 are well below the 5.8% per year growth rate of the last 30 years and the 4.3% rate of the past five years. Higher operating rates and a substantially improved pricing structure are probable, as a result.

The paper section of the industry for the first eight months of this year operated at 91.7% of capacity, one point higher than in the year earlier period. During the month of August, operations averaged 93.9% of capacity. Projected capacity additions for the period from the end of 1962 through the end of 1965 total 4.9%. If paper continues the 3.3% per year growth rate of the past five years, and I expect that it will do at least that well, operating rates should improve materially. At the present time, however, it should be recognized that substantially better pricing appears a nearer term probability in board than in white paper.

Pricing announcements in recent weeks have come at a fast and furious pace and I would like to review them and attempt to put them in perspective. The firming began during the first quarter when announcements were made by all major producers—U. S. and Canadian, and Scandinavian—that bleached sulfate prices would be raised from $3 to $8 per ton or an average of about 4% at the beginning of the second quarter. The impact of this increase was substantial since it brought to a halt a two year period of steady price erosion. Bleached sulfite, dissolving and soda pulps were raised between $3 and $5 per ton effective with the beginning of the third quarter. Several semi-bleached and unbleached grades were also brought in line with the bleached varieties in both sulfate and sulfite. The direct effect of these pulp increases on earnings has not been large since most U. S. pulp capacity is captive. However, the new prices set the stage for subsequent increases in finished products.

In late July, it was announced that the prices of shipping containers east of the Rockies were to be raised between 7% and 12%, effective Sept. 1. The two components of shipping containers, liner and corrugating medium, were raised $5 per ton or between 4% and 5% effective Oct. 1. These two categories together total about 10 million tons or about one-quarter of the U. S. paper and board industry's basic production. At about the same time, kraft paper prices were raised $10 per ton or 7%. This product area accounts for about 10% of U. S. production. Increases in bag prices have been announced reflecting the kraft paper increase. Early in October folding carton prices were raised 5% to 8%, effective immediately.

A very important price increase was posted by Kimberly-Clark in early September. It raised coated magazine papers by $10 per ton or about 5%. Since November, 1961, this grade had been reduced $25 per ton or 13%, in three steps. Within the past two weeks firming has taken place in the low end of the white paper line—namely in offset, mimeo and envelope converting grades. These actions represent the first sign of price firming in white papers in at least four years.

Prices Are Sticking

In this industry, as those who follow it closely know, it is at best difficult to keep track of list prices and next to impossible to follow the prices at which the product actually changes hands. I have seen a good many managements in recent weeks and the report is that the announced increases are sticking. The Sept. 11 announcement of a second round increase in the very important bleached sulfate pulps certainly lends credence to these reports.

The projected capacity figures for the next year and a half to two years look good and bode well in terms of future pricing. The first steps in raising prices have been taken and generally they have been successful. The impact of these increases on earnings has yet to be seen, due to the contract nature of many segments of the business. However, profits should begin to benefit late this year and early in 1964.

Capacity Data

A word is in order about the capacity projections on which a great deal of the argument depends. The APPA does a superb job of collecting and categorizing the expansion plans of the industry. However, their survey merely mirrors the collective thinking of the industry's management at a given time; in the case of the most recent survey, the time was roughly the third quarter of 1962. Since that period, prices have firmed modestly and most industry people are more optimistic regarding the future. Since the lead time involved in ordering new capacity is in some cases as short as 18 months, the 1965 projections still are subject to change. I do not mean to imply, however, that there is bad news in the offing. Quite the contrary—due to the lead time required for new capacity, I am saying that there is little risk on the cajacity side of the equation before mid-1965 at the earliest.

Ignoring for the moment the possibility that management may again at some future date work itself into pricing and overcapacity problems, a good case can be made for projecting above average growth for this industry well beyond the coming 18 months to two years. The growth rate of the industry has for a long time been well above that of the U. S. economy. I hasten to add that I am speaking in terms of physical volume rather than profits. During the past 30 years paper has grown at a compound rate of 5% per year versus a 4.4% rate for Gross National Product as measured in constant dollars. During the past 10 years, the rate for paper has been 3.8% versus 2.9% for GNP. In view of this consistent and long standing past relationship, the risks involved in projecting above average growth for the paper industry over say the next five years seem small.

More Research Minded

This industry in the past has spent relatively little on research and as a result, new products and new processes which might have materially aided earnings have been lacking. Research effort is difficult if not impossible to measure and certainly bricks and mortar don't measure it. However, it appears that considerably more emphasis is being placed on this function today as is suggested at least by the many new research facilities which have been built or expanded in the last two or three years. Scott, Mead, St. Regis, Warren and Great Northern are examples of companies which have substantially expanded facilities in the recent past.

Overseas Markets

Overseas markets are currently getting increasing attention from many U. S. producers. Both by way of exports and direct participation through the construction of overseas facilities foreign markets can reasonably be expected to grow much more rapidly than those in the U. S. Some measure of the potential growth can be seen in the fact that Western Europe currently consumes only 140 pounds of paper and board per person per year. The figure is less than 10 pounds in India and China and about 100 pounds in Japan. In the U. S. last year 453 pounds per person were consumed. Bringing these rates just halfway up to our level represents a fantastic amount of tonnage.

I think, based on past disappointments, that it would be unwise to buy paper stocks on the theory that management has learned its lesson regarding overcapacity and that such a situation will not occur again. However, because of the lead time involved, I do feel strongly that the capacity outlook is good for the next 18 months at least, and that significantly higher earnings will result during this period from the already announced and expected further product price improvements. In short, selected paper stocks have attraction on an 18 month recovery basis and may well have attraction on a longer term basis, although the latter is at this date problematical.

I have touched very briefly on a few of the factors that could be used in building a case for the long term purchase of paper stocks because I want to point out that while my current recommendations cover only the next eighteen months or so, if things go well and managements use some restraint, the attraction could well be longer term. In other words, buy them for intermediate term purposes and you may well decide later to hold them longer.

Favorable Investment Opportunities

Most of the paper stocks are currently selling at or below the multiple of the Dow-Jones Industrials and yields are in most cases above average. They represent a fertile field for new institutional type commitments.

What about 1964 earnings? My early projections suggest that the broad line companies, and in this category I include *Crown, IP, Mead, St. Regis, Union Bag,* and *West Virginia,* will show an average year-to-year gain of approximately 20%. The industry as a whole should about match this increase, with larger gains to be realized by those companies with substantial participation in shipping containers and their components, liner and nine-point. Smaller gains will be shown by those heavily weighted in newsprint and sanitary grades.

The 20% industry increase is predicated on a 40 million ton production year, which in turn is predicated on a 127 or thereabouts year for the general economy as measured by the FRB index of industrial production. The profit gain reflects only price actions announced to date, and to this extent I think the estimate is on the conservative side.

Now, to specific companies. As I mentioned, shipping containers, linerboard and corrugating medium appear best positioned in terms of pricing improvement. The September first increase appears to have been successful. The increase was accomplished despite inventory decumulation which has been going on since July of this year. If volume remains strong and, adjusted for seasonal factors, I expect that it will, a second round of increases during the first quarter of next year is a distinct possibility. Of the major companies, *Container Corporation* appears to be the most attractive vehicle available for participating in this improvement.

Since September first, price increases have been made in products which account for about 70% of Container's domestic sales. The bulk of the remaining volume consists of boxboard and fibre cans which are closely related to both the folding carton and shipping container fields and may reasonably be expected to move up in the not too far distant future. Due to the contract nature of the business, it takes time for the higher quotations to become effective on all tonnage; however, the impact on profits will become apparent on all tonnage; however, the impact on profits will become apparent early next wear.

Domestic operations account for about 80% of Container's business, with the remainder coming from overseas operations. Container offers probably the greatest overseas participation of any of the paper comanies. It is well established as the dominant producer of shipping containers and folding cartons in Colombia and Venezuela which together with Mexico accounted for 85% of the firm's foreign profits in 1962. The remaining 15% came from behind the tariff barriers of the Common Market. The fact that the ultimate potential of the facilities in place in West German, Dutch, Italian and Austrian operations has yet to be even approached, provides a very interesting plus in the Container picture.

Based on my early estimate for 1964 of $2.15 per share, this stock is currently priced at fifteen times earnings, and I feel is probably the most attractive of the paper stocks at the present time.

After Container, unless you are able to use the smaller shipping container companies such as *Inland Container* and *Hoerner Box,* which are not suitable for most institutional portfolios due to the limited capitalizations, you must turn to the big, broad line companies. In doing so you must accept, in virtually all cases and in varying degrees, direct participation in newsprint, lumber, multiwall or grocery bags. For the long pull, these grades are among the least attractive in the industry although pricing should not be particularly troublesome in 1964.

Of the broad line stocks, and I think they all have above average attraction at current levels, *Mead* is my top choice. The company is most often thought of as a white paper producer, and quite correctly so, since in terms of dollar sales, white paper accounts for slightly above 60% of sales. However, in terms of tonnage, board products account for 59%. With the recent folding carton price announcements, virtually the whole board sector of Mead's business will benefit in 1964 from higher prices. A substantial portion of its white paper segment will also benefit from improved prices. Of the broad line producers only Mead avoids all of the fields of newsprint, lumber and bags.

The stock is priced at fifteen times my 1964 estimate of $2.90 per share—which is up from an estimated $2.35 this year. Based on the current $1.70 dividend rate, the stock yields an above average 3.8%.

There are other companies with attraction, however, for institutional purposes, Container and Mead at current levels rank one-two, as I see it, in an industry which is currently attractive on a recovery basis, and which may well later prove to be attractive on a long term basis.

*An address by Mr. Coffman at the Fifth Regional Conference of the New York Society of Security Analysts, Oct. 7, 1963.

Loeb to Address Fin. Advertisers

Gerald M. Loeb, Vice Chairman of the Board of W. E. Hutton & Company Inc., members of the New York Stock Exchange, will address the monthly luncheon meeting of the New York Financial Advertisers on Thursday noon, Nov. 21, at the Wall Street Club (59th floor of the Chase Manhattan Building).

Gerald M. Loeb

An eminent stockbroker and recognized authority on the stock market, Mr. Loeb has been with E. F. Hutton for over 40 years, beginning in 1922 as a statistician, the title research analysts were given then. His primary interest over the years has continued to be the daily appraisal of securities and the forecasting of the stock market. In addition, his responsibilities at E. F. Hutton include supervision of the advertising programs for the firm.

Mr. Loeb, a lecturer and writer of distinction, is author of the best-selling book on the stock market entitled, "The Battle for Investment Survival."

Carter, Berlind Admits Levitt, Jr.

Arthur Levitt, Jr., former Vice-President of Oppenheimer Industries, Inc., has been admitted as a general partner to the investment banking firm of Carter, Berlind & Weill, 60 Broad Street, New York City, members of the New York Stock Exchange.

A former executive of Time, Inc., Mr. Levitt has been in charge of an investment advisory business concerned with the purchase and financing of agricultural enterprises throughout the United States. Mr. Levitt, who is a graduate of Williams College, was recently named as special consultant for education to Mayor Robert F. Wagner. He is a trustee of the Poly Prep Country Day School in Brooklyn, and a trustee of the Albany College of Education.

A member of the New York Real Estate Board, Mr. Levitt has been active in the real estate field throughout the 16 states covered by Oppenheimer Industries' operations. He is a director of the Atlas Acceptance Co., the Atlas Small Business Investment Co., Mayro Properties Associates and the Motor Hotels Development Corporation, Ltd.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

Congress has found a way unwittingly to save money. Practically all of the government departments are operating on the same appropriations that were granted last year. This is because the Senate is in a hopeless tangle on appropriation bills, having passed bills for only five agencies. It appears now that when Congress meets next January it will receive the 1964 budget while still having a great part of the 1963 budget on hand.

The Thanksgiving break will run until Dec. 3 and, since the leaders have already agreed to quit for Christmas and New Years on Dec. 20, that leaves only 16 days in December for Legislative action. If Congress should manage to get a civil rights bill over to the Senate by early December the leaders would then have to make a choice between devoting the few remaining days before Congress to that issue or the appriation bills.

This is the second year in succession that a large part of the government has been left to operate on stop-gap spending authority.

Last year only one appropriation bill—for the Treasury and Post Office Departments—had become law by July 1. It took the House and Senate until Oct. 13 to finish the others.

This year the same two departments were the only ones with a completed budget on July 1. In the four remaining months only three other money bills have been sent to the President, covering Interior Defense and Labor, Health Education and Welfare.

Two of the eight still in the legislative mill have passed both houses but are tied up in conference. Three have passed the House but not the Senate and three have not yet started in the House.

Chairman Clarence Cannon of the House Appropriation Committee, who has been in Congress for 40 years and is still a force in the House at the age of 84, does not see any disadvantages in having part of the government operating on a continuing resolution.

In fact you detect a note of pride in his voice when he declares "We are saving money."

The evidence indicates that the delay was not planned as an economy move but Mr. Cannon calls it "A very attractive feature."

The money saving comes in the fact that the government departments, having to operate under the continuing resolution, cannot spend any more than their appropriation for last year. Appropriations requested this year would make the budget the highest in the Nation's peacetime history.

No one can say with any certainty, but Mr. Cannon recently estimated that when all of the regular bills have been completed, Congress will have appropriated \$5.4 billion less than the \$98 billion requested by the Administration.

He figures the House has already cut \$4.7 billion from the nine appropriation bills it has passed, with three more big ones still to come.

Mr. Cannon argues that the continuing resolution process "Has delayed many new projects, the advisability of which are doubtful."

But for those who must do the bookkeeping in the executive departments this period of stop-gap authority must be anything but a picnic. A continuing resolution is not a simple matter at the monthly rate of last year's appropriation.

The remaining bills are at different stages of enactment and the resolution contains alternative yardsticks depending on how far a bill had advanced when the first continuing resolution passed in June.

For example, the foreign aid appropriation bill has not passed either branch because the foreign aid authorization bill is still pending in the Senate. In this situation the Aid agencies can spend only at the rate of last year's appropriation or the budget estimate whichever is lower in the case of each appropriation item.

If a bill has passed the House, but not the Senate the agency must be guided by the House figure or the previous year's appropriation, whichever is lower for each item in this bill. The departments of State, Justice, Commerce, Agriculture and the Legislative establishment fall in that category.

Unless the stumbling block can be removed the Legislative branch may have to continue indefinitely under a continuing resolution.

Ralph De Paola Joins Mabon Co.

Mabon & Co., 115 Broadway, New York City, members of the New York Stock Exchange, have announced that Ralph De Paola has become associated with their firm as manager of the Federal Funds Department.

Ralph De Paola

For the last ten years, Mr. De Paola has been in charge of Federal Funds with the firm of Garvin, Bantel & Co., although he started his career in Wall Street with Mabon & Co. in 1941 and was associated with them for some time before joining the Air Corps.

He is a graduate of New York University and is a member of the Finance Committee of the Chamber of Commerce of the United States.

Unpredictableness Creates Stock Market Opportunities

By Richard C. Larson, *President of Independent Advisors to Investors, Inc., Investment Council, New York City*

The number of predictors, and the variety of their techniques, may have grown but success in predicting market or stock performance is still an elusive will-of-the-wisp goal according to Mr. Larson. His short but enlightening commentary should prove helpful in explaining what investment advice can and cannot do — particularly since predictability's poor performance creates investment opportunities as well as risks.

The ultimate goal of science is predictability. Predictability is the power to control. Science uses knowledge to attain predictability. Magic aspires to predictability without knowledge. The magician exists of course by popular demand. He is avidly supported by a public seeking signs and wonders. Investment advisors, too, must contend with the popular penchant for prophecy. We all practice but rarely profess prediction. The facts suggest that it is a wise man who concedes his limitations. Unfortunately, competition frequently dictates otherwise.

Richard C. Larson

State of Forecasting Today

What is the state of the art of forecasting security market trends at this time? The evidence suggests a rudimentary level. Twenty-five years ago the Cowles Commission conducted pioneer research in the evaluation of security price indexes and forecasting. Their conclusions indicated that the efforts of professional investment managers were virtually no better than results achieved by *random methods.* Exceptions to this bleak verdict were few. But, perhaps, the period studied which included the great crash was not "typical."

A recent study in a similar vein again answers the forecasting inquiry negatively. The authors stated that "in the short run the direction of price changes cannot be predicted." 1 They confirmed that the extent and direction of price movements were generally random and that no fluctuation can be inferred from any previous fluctuation. Also revealing were the findings that denied any seasonal trend to stock price movements and any correlation between price and volume.

The qualifications to the above developed in this study were equally interesting. Price movements covering periods of *five years or more* appeared to be *non-random.* This would imply discoverable—and therefore predictable—cycles in stock price movements. The other major qualification excluded insiders with special knowledge from the conclusion that "stocks cannot be profitably sold on predictions of (short term price movements)."

Two obvious comments on these points seem in order. First, if definable, long term market cycles were discovered, the reactions of the investing public would tend to discount (and invalidate thereby) any predictions derived from them. Secondly, insiders have special knowledge of a very limited sort. And, as we all know, a little knowledge is sometimes worse than none at all.

Professional vanity naturally makes it difficult for investment analysts to accept the inevitable. So many interesting theories and techniques of market forecasting have been devised and found rewarding—in limited and inconsistent instances. Dow theory, odd-lot studies, volume measurement, technical analysis and other internal market gauges have been helpful on many occasions. The lack of predictability of such systems infers no criticism of their intellectual construction. This is simply a function of the extreme complexity of the data and contexts they deal with.

Intuitive Interpretation Still Counts

The investment advisor must still look to *intuitive interpretation* to escape this sentence of statistics. He must absorb the many to arrive at the few controlling factors, if any. To "beat the averages," he must go beyond the narrow limits of conventional security and market analysis. Political and sociological forces (and psychological reactions to them) must be synthesized with economic data. "Even if the consequences of economic conditions were understood perfectly, non-economic influences can change the course of general prosperity, the level of the market, or the success of a particular security." 2

For example, it is said on the Street that political factors may affect short term trends in the market, but economic factors determine long term trends. A case can occasionally be made for the opposite. It is probable that Boeing's key role in this country's defense posture is a basic determinant of its longer term potentials whereas the general course of business activity is not. Unemployment rates in Wichita and Seattle may well provide clues to the company's future dividend policy.

Or take the cosmetic and toiletry industry. Subtle changes in folkways affecting personal grooming have been important in recent sales growth. Shifting patterns of race relations could have a major impact on the outlook for the construction and personal service industries.

In short, natural science deals with events and phenomena definable by predictable causes and invariable consequences. Social science does not. Man may reach the stars before the course of the market can be consistently foretold. Advisors must continue the quest for new tools in employing capital productively. *But they must also remind clients that the unpredictability of the market represents its opportunity as well as its challenge.*

1 Comments in *Fortune*, February 1963, on article in January 1963 issue of *Kyklos* by Drs. Oskar Morgenstern and Clive W. J. Granger.

2 Harry M. Markowitz, "Portfolio Selection," Cowles Foundation for Economic Research, John Wiley, 1959, p. 4.

Savings Deposits By Corporations Subject of Study

The Board of Directors of the Federal Deposit Insurance Corporation on Nov. 7 called for a study by the three Federal banking agencies into present regulations and limits on the availability of savings deposits in commercial banks to different classes of depositors.

The call for the study was taken in the form of a resolution approved by the Board, and followed a request by the Executive Committee of the New Jersey Bankers Association. That body had urged that commercial banks be permitted to accept savings deposit funds from corporate firms and other business establishments, from municipalities, and from other profit-making bodies.

Present regulations forbid commercial banks regulated by either the Federal Reserve System or the FDIC on savings funds (including all but some 300 commercial banks in the nation) from accepting savings deposits from any other than individuals and charitable and certain other non-profit organizations. The New Jersey Bankers Association pointed out in its letter that mutual savings banks in some states and insured savings and loan associations in most states are permitted to accept funds from profit-making institutions, and urged that commercial banks be placed on a basis of competitive equality.

The FDIC Board's resolution empowered Director Jesse P. Wolcott to call for a conference of staff members of the Federal Reserve System, the Comptroller of the Currency, and the FDIC to study the problems and formulate recommendations to the FRS and FDIC, the two agencies with primary jurisdiction. Such a conference will be called in the near future, to consider the New Jersey Bankers Association request and other aspects of the matter.

Father and Son Join First Mich.

Bertram Sinclair and his son, James, have joined The First of Michigan Corporation, 2 Wall St., New York City, members of the New York Stock Exchange, in the firm's New York City over-the-counter department dealing in unlisted stocks. Bertram Sinclair has been named manager of the department, and his son will assist him.

The Sinclairs, father and son, both were formerly associated with Straus, Blosser & McDowell, dealing in over-the-counter securities.

Yates, Heitner To Admit

ST. LOUIS, Mo.—Yates, Heitner & Woods, 819 Pine Street, members of the New York and Midwest Stock Exchanges, on Nov. 21 will admit Robert C. Newman to limited partnership.

"National's" Annual Report Cited

Henry J. Simonson, Jr. (left), President of National Securities & Research Corporation, accepting Oscar-of-Industry trophy for 1963 Annual Report of National Securities Series, judged best in the mutual fund industry.

National Securities & Research Corporation, 120 Broadway, New York City, has received a first-place award for the best stockholder report of the investment company industry in this year's 23rd Annual Report Survey sponsored by *Financial World*, the nation's oldest business and financial weekly.

The award was made for the 1963 Annual Report of the National Securities Series of mutual funds which are sponsored and managed by the Corporation.

Henry J. Simonson, Jr., President of National, received the Oscar-of-Industry trophy symbolizing the achievement at this year's Annual Awards Banquet.

The theme of the editorial section of the Report was "Managing Your Investment Dollar." It presented a comprehensive story of the organization and functions of National's investment management staff.

Approximately 1,000 business, industrial and financial leaders, their associates, wives and friends from throughout the United States and Canada witnessed presentation of the trophy by Richard J. Anderson, editor and publisher of the 61-year-old *Financial World*, on October 3.

More than 5,000 annual reports were reviewed in 97 categories in the 1963 competition. Chairman of the awards jury which made the selections was Dr. Joseph H. Taggart, Executive Dean of the Schools of Business, New York University. Other members are Gerald L. Wilstead, President, New York Society of Security Analysts, Inc.; Ivan Chermayeff, President, American Institute of Graphic Arts; Ruddick C. Lawrence, Vice-President, New York Stock Exchange, and Charles M. Sievert, financial-business columnist, *New York World-Telegram & Sun.* In addition, 27 investment analysts from the New York Society also served on the panel.

Electric Power From Nuclear Energy Produced for First Time

The first electricity from nuclear energy in Ohio was generated Nov. 4 when steam from the Atomic Energy Commission nuclear plant at Piqua was supplied to the city's power generating plant.

The City of Piqua, under a contract with the AEC, provided the reactor site and the conventional turbine-generator facilities and will operate the nuclear plant following completion of the test program.

Located about 28 miles north of Dayton, the Piqua plant uses an organic-cooled and moderated nuclear reactor designed and built by Atomics International, a division of North American Aviation, Inc. It will generate 11,400 kilowatts of electricity when at full power later this year. The plant was operated at low power Nov. 4.

The Ohio plant is the first nuclear facility to use an organic reactor to produce electricity. It will also be the first nuclear power plant of any type to be operated by a municipal utility company.

The reactor coolant, a high boiling point organic liquid, transfers heat produced by nuclear fission in the core or "heart" of the reactor to a boiler where steam is generated. It also moderates or "slows down" neutrons in the core to help sustain fission. Fuel for the reactor is slightly enriched uranium alloyed with molybdenum and aluminum.

Much of the technical information used in designing the Piqua nuclear plant was developed through the operation of the Organic Moderated Reactor Experiment (OMRE). The OMRE was designed to test the feasibility of a nuclear power reactor cooled and moderated by an organic fluid. Built and operated for the Commission by Atomics International, it began operation in 1957. It is located at the National Reactor Testing Station near Idaho Falls, Ohio, and is now being dismantled following completion of the experimental program.

As We See It

Continued from page 1

industry and trade. We need do no more than take note of the impasse in Washington at this moment to get an idea that all is not well with those who were to revitalize our industry and trade and guide them into the routes where they should go. At this writing, the word seems to be that the President's program is not likely to make much headway in Congress this year, that it in substantial part must await its fate next year when the voting is much closer at hand. His tax plans —as modified as they have become with the passage of time—appear unlikely to be realized, at least this year—a fact which may or may not be in part at least a result of entanglement with what has become known as the Administration's civil rights measure which, even in its modified and somewhat less extreme form, tries to legislate certain behavior in direct contradiction to popular feeling on a subject about which emotional reactions are high.

But it is evident that even the modified tax proposals of the Administration are viewed in Congress with a very substantial degree of doubt. Not only the Byrds—which President Truman once said were too numerous in Congress — but a number of others are without question far from convinced that it would be the part of wisdom to curtail revenues drastically in the face of very high and rising expenditures. Otherwise, it would appear doubtful if so normally a popular notion as that of reducing taxes would find the going so rough in Congress. We obviously have here a case where the ever-wise management—or would be management — of our national economic affairs can not get the support of officials and legislators whose cooperation is essential.

Much Is Neglected

For our part, we do not believe either that the program as evolved by the Administration would be good for the country and are encouraged to find that there is sufficient wisdom, or so we view it, in Congress to make it difficult to move the program to the statute books. Even the less controversial foreign aid program of the Administration is not having an easy road to travel in legislative halls. We are forced to admit, though, that we are not very greatly heartened by mere refusal to push on with this unfortunate program, leaving much else that should be done wholly neglected. The fact is that even though the Administration can not get what it wants from Congress at this time—due, so we hope, to the better sense of certain of its members — the circumstance that there is not even on foot any sort of effort to get things done which cry for attention adds to our conviction that business can not be run or even guided effectively by the politicians. In other words our wandering off in the direction of Mr. Khrushchev's socialism—even if hesitantly —is proving a costly experiment for which at one time or another we shall have to pay in full.

So far as we know, or have been able to learn, there is no place in the world where the notions either of Karl Marx or of the milder would-be rebuilders of things that have evolved through the centuries have as yet any record which entitles them to respect. Of course, it is true that the rate of improvement from virtual zero as measured in percentages has been higher than in countries and places where the earlier and naturally faster rates of growth had long ago run their normal course. One could hardly expect otherwise. This earlier progress was made the easier too by the fact that the very basic shortages of industry and of the peoples left little room for errors in choosing what to produce. As the situation develops in the usual course of events consumers begin to develop ideas about what they want and are willing to pay for—and it is then that decisions have to be made about what to produce, and wrong decisions can easily throw monkey wrenches in all the machinery.

Russians Normal in Size

Some of us are, so we hope, getting over the habit of supposing that all Russians are ten feet tall, whether in industry or in the military field. There is every reason to understand now that only a few years ago we had been scared by politicians into thinking that the Soviets had performed miracles in the field of armament—so much so that we supposedly were left more or less at the mercy of the Kremlin. Those missile gaps and all the rest are not now so frightening. Within the past year, it has been growing clearer and clearer that much the same sort of misunderstanding had occurred in this country as respects the advancement of industry, agriculture and trade in the Soviet Union. This more robust realism we find all to the good. And it ought to take some of the force from the pleas of those who would have us emulate the socialist countries.

The trouble, or one of them, is that so much of our New Dealism of the past few years, has politically speaking, rested upon subsidies or special favors to this, that, and the other politically powerful element in the population — such, for example, the farmers and the members of the monopolistic labor unions. Yet somehow a way must be found to get our public policies back on sounder ground and to a point where they will be judged on their merits as useful for the entire population rather than for some favored element in it.

Hertz, Neumark To Admit Partners

Hertz, Neumark & Warner, 2 Broadway, New York City, members of the New York Stock Exchange, on Nov. 21 will admit William Fabrikant to general partnership in the firm, and on Nov. 14 will admit Jack Warsaw to limited partnership.

E. S. O'Connor With Disbro in Cleveland

CLEVELAND, Ohio—Mrs. Evelyn S. O'Connor has become associated with Disbro & Co., Superior Building. Mrs. O'Connor was formerly an officer of Morrow & Co., Inc.

E. Clark Seeley has also been added to the staff of Disbro & Co. in Cleveland.

How About Other Areas?

"In general, our market system uses the pressures of price competition to weed out the inefficient and to select the goods and services (including retailing services) that best satisfy consumer demand. In retailing, as in other sectors of the economy, this flexible competition has produced for the American consumer a great variety of goods and services and marketing techniques. Some experiments in retailing have failed because consumers were unwilling ot pay their costs. But many marketing innovations have been accepted by consumers and are now important elements in our distribution system. This selection process is essential to our free market economy.

* * *

"New developments in marketing are frequently introduced through lower prices. In the absence of price flexibility the market is slower and less effective in selecting and rewarding the successful innovator. Without the price mechanism to place ideas before the public as quickly as possible, consumers would be slower to learn of new merchandising techniques; therefore innovation would be riskier, and new marketing ideas would be less likely to develop."—President's Council of Economic Advisors.

These ideas, which seem to us to make sense were addressed to the Joint Economic Committee of Congress, and quite clearly condemn the proposed Quality Stabilization Bill now before Congress.

What puzzles us is this: Why would not essentially the same line of reasoning condemn much of our existing agricultural program, our official attitude toward labor union monopoly, and various other attempts to replace the market mechanism with governmental or official omnipotence?

Midwest Exchange Promotes Two

CHICAGO, Ill. — Two staff members at Midwest Stock Exchange have been elevated to higher positions, it has been announced by James E. Day, Midwest President.

They are John G. Weithers, newly elected Vice-President who retains his position as Secretary, and Brett F. Moore, appointed Manager of Research.

Mr. Weithers joined the Exchange in 1958.

Mr. Moore joined Midwest in 1961 and was formerly an analyst in the Auditing Department.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The money and capital markets appear to be adjusting to the opinions that near and long-term interest rates will advance modestly with the passing of time. The up and down swings of excess reserves of the member banks of the Federal Reserve System give indications that the fall reserves will continue to decline so that the loaning ability of these institutions will be curtailed. This in time will mean higher short-term rates.

Long-term interest rates are advancing very moderately because of the caution which has come into the capital market due to the uptrend in short term rates as well as the fear that long term funds in size may seek an outlet in the money market. Nonetheless, long-term interest rates are not expected to rise very much from present levels.

Yield on Key Treasury Bond Becoming More Attractive

The long-term bond market is taking on a more cautious look because the trend of prices of the most distant Government securities, as well as long corporates and tax exempt bonds, is modestly lower. The bellwether of the capital market is the Government 4⅛% of 1989-94 and this bond appears to be heading in the direction which is going to make the yield more attractive to long-term investors.

Even though the outstanding amount of this bond is not likely to be added to in the foreseeable future, except for an occasional advance refunding operation, the floating supply of this issue is quite likely to be adequate for a while because there has not yet been time enough to digest thoroughly the bonds which came into the market in the latest forward refunding operation. There is no question but what this very high grade long-term bond is attracting more investors with its very favorable yield since there continues to be evidence of exchanges from other types of investments into the 4⅛% of 1989-94.

Because of the sizable amount of funds seeking an outlet in capital market issues, it is not expected that long-term bond prices are likely to go up too much. Nevertheless, it is not believed that this large amount of money looking for an investment haven in long-term bonds is going to reverse the upward trend which seems to be going on now. It will, however, serve to contain the rise to some extent so that unless there is a revival of the inflation psychology, long bond yields are not expected to advance very much from current levels.

Narrowing of Yield Spreads To Be Expected

Yield spreads might become more prominent during this period of moderately high rates of return on fixed income bearing obligations. The highest rated bonds, like the Government issues, might again be the ones from which all the other non-Federal bonds are measured for quality. And in most investors' opinions, there can be no compromise with quality when funds are being invested especially those with a fiduciary relationship.

Because the Government bonds, especially the intermediate and long-term ones are not only attractive now, but will most likely become more so with the passage of time, it would not be unexpected if the yield spread between Government bonds and non-Federal issues were to widen because of the switching from the non-Federal bonds into the Treasury obligations.

4¼% Seen Upper Limit on Treasury Yields

Along with the current upward swing in long term interest rates, there is considerable in the way of opinions around to indicate an upper limit of about 4.25% for a long-term Treasury bond. Also, that the non-Federal bonds will fall in line, with the yield spread probably between 25 and 30 basis points above that of the best bond in the investment field, Government bonds. It should also be remembered that the over-pricing of new issues of bonds will have to come to an end sooner or later and a period of slightly rising interest rates is quite likely to hasten this along.

N. Y. Savs. Banks Ass'n Appoints

August Ihlefeld, President of Savings Banks Trust Company, announced the following officer promotions and appointments:

Donald J. Carlson, Vice-President.

Theodore W. Lowen, Vice-President.

Philip O. Roberts, Vice-President.

William H. Fairchild, Second Vice-President.

Frank C. Schell, Second Vice-President.

Robert T. Phildius, Secretary.

Joseph A. Hunt, Treasurer.

Bruce M. Benedict, Assistant Vice-President.

Winthrop S. Donnelly, Assistant Vice-President.

Edward Gowe, Assistant Vice-President.

Edward J. Jennings, Assistant Vice-President.

Anthony J. Monteverdi, Assistant Vice-President.

Harold A. Meyer, Assistant Treasurer.

Mr. Ihlefeld stated that these promotions and appointments are made to meet the Trust Company's growth requirements stemming from expansion of its services to savings banks, and take into account officer retirements scheduled to commence in the months ahead. They are made as the Trust Company marks its 30th anniversary this year.

Utility Earnings Outlook And Market Evaluation

By W. T. Hyde, Jr., Partner, F. S. Smithers & Co., New York City*

Succinct and frank analysis of utility earnings foresees their increasing at a 4% to 4½% rate over the next five years compared to 6½% compound annual increase in the past five years. Consequently, Mr. Hyde finds current P/E ratio hard to justify. He does not predict a decline in price and, moreover, finds it possible for price to stay at current levels until increased earnings justify present prices on a lower P/E ratio so long as investors are confident that future earnings will stay on an upward course — an item which Mr. Hyde sees slowing down. Two long-run studies are cited to confirm his own findings.

W. Truslow Hyde

What I have to say may not win friends or influence many people, but I hope that it will be sufficiently interesting to stimulate some further study. According to the title of my paper I am covering two related but separate subjects. The first covers what we may expect in the way of utility earnings over the next few years and the second is how these earnings may be capitalized in the market. Since each is controversial and subject to wide differences of opinion I can give you only a capsule digest of the facts leading to my conclusions.

I know I may be criticized by some for revealing trade secrets and giving tips to regulatory Commissions. Others will probably say that I am doing the utility industry a disservice by revealing what some may consider weaknesses. First of all, I certainly am not revealing any secrets nor am I in any position to do so. The Commissions know a great deal more about the companies they regulate than I do. Utilities have no secrets and if investors think utilities are getting away with something because of the ignorance of regulatory agencies, they are not facing the true facts. Secondly, there is no weakness in the utility industry, but investors should not ignore basic facts. We had that unhappy experience in the 20's and paid for it in the 30's and 40's. Skeletons have a habit of coming out of their closets and haunting for years. The dangers of having reality fail to live up to overly-optimistic hopes and expectations is far worse in the long run than a sober appraisal of the facts. I am, therefore, going to lay the cards on the table and let the chips fall where they may. But let's back up a minute and take a look at the cards that have already been dealt.

Doubts Continued Improved Utility Earnings

In the five years 1957 to 1962 utility earnings on the basis of Moody's utility average increased 39%, dividends increased 25% and stocks almost doubled in market value. The price-earnings ratio increased from 14.8 to 20.4 based on year-end prices. (The current price is about 22 times earnings). Only about 40% of the advance in prices between 1957 and 1962, therefore, was due to improved earnings and 60% was due to a higher price-earnings ratio. During this five year period the net electric plant of the Class A and B utilities increased about 38% and electric operating earnings, aided by rate increases, increased over 50%. As a result, electric operating earnings in 1962 afforded a return of 6.41% on the year-end net electric plant account compared with only 5.85% in 1957 and was the highest return in any year since 1949. The return will probably be even higher this year, but expectations that it will continue to increase indefinitely are only wishful thinking. Managements are already cognizant of the historically high rate of return as indicated by the many rate reductions that have been put in effect in the past year which are replacing the rate increases that contributed to the increase in earnings of previous years. Furthermore, competition with other forms of energy is becoming keener particularly in the heating applications which hold the greatest hopes for growth in the electric industry. Saturation of most other appliances is relatively high and water heating and house heating are the principal fields which the electric utilities are counting on for increasing their sales to residential customers.

Electricity Can Meet Gas Competition

The electric utilities are not only anxious but are probably in the best position they have ever been in to meet this competition, and I believe they will make further inroads in the heating applications. Their rate of return is adequate and they have sufficient plant capacity to take on additional business with a minimum of capital expenditures. This, however, does not mean a proportionate increase in earnings.

Since American Electric Power has been one of the most active promoters of electric heating, we might use this system as a guinea pig. Let's assume that this system adds 10,000 house heating customers a year which is about double the number it added last year. Let us further assume that each one of these new heating customers increases his consumption by 20,000 kwh a year at the company's new heating rate of 1.2¢ per kwh. The additional revenues the company will receive from each of these customers would be $240 a year against which it will have to charge the cost of generating 20,000 kwh which, at a fuel cost of 2 mills per kwh, would be $40. This would leave an incremental profit of $200 which would be reduced to $96 by income taxes. Ten thousand of these customers, therefore, would produce incremental net earnings of $960,000 or approximately 2¢ a share. This, does not allow for any additional costs other than fuel. Utility profit margins which have been widening while those of industrial companies have been narrowing will begin to feel a squeeze as more and more business is done at lower and lower rates.

Slower Growth

One more comment on the prospects for earnings. We have all read many reports stressing the favorable prospects for earnings of this or that utility stock because there will be no additional common stock sold for many years and that the company will not have to absorb the dillution resulting from equity financing. This would be true under only two conditions; (1) where the rate of return is inadequate and could be improved by earnings increasing at a faster rate than the plant account and (2) where the utility has an exceptionally low debt ratio and could expand with senior capital which would impart greater leverage to the common stock. Arithmetically, if a utility pays out two-thirds of its earnings and is able to earn 12% on the one-third which it retains, its earnings will increase 4% annually. It it earns 10% on the retained earnings, its earnings will increase 3½% annually. The sale of common stock in excess of book value has been one of the principal factors contributing to the rapid increase in utility earnings during the past five years. With the reduced construction programs and higher depreciation and other non-cash items, the net electric utility plant over the next five years is unlikely to increase more than 25% or 4½% compounded annually. Furthermore, the net plant account between 1962 and 1965 or the first three years of this five year period will probably increase at a slower rate with a more rapid increase in the last two years. With almost two-thirds of the construction requirements provided by internally generated cash, equity financing will be small and the common stock equity may increase somewhat less than 4½% annually over the next five years.

While some individual companies will, of course, grow more rapidly than the average and some probably will be able to retain the benefits of any reduction in income taxes, I believe that the desire to reduce rates as much as possible and the necessity of keeping the rate of return at realistic levels will restrict the average increase in earnings over the next five years to between 4% and 4½% annually compared with the 6½% compound annual increase in the earnings of Moody's Utility Average over the past five years.

Capitalizing Earnings

Now as to the second part of this capsule report—the market appraisal of utility earnings. The increase in utility prices from 14.8 times earnings to 20.4 times is in line with what happened to industrial stocks during the past five years. In my mind, however, there is a distinct difference between utility and industrial stocks. Utilities are characterized by the stability of their earnings and their growth is limited by the fact that they are regulated monopolies. Industrials, on the other hand, are in a competitive business and their earnings can fluctuate widely in both directions depending upon the business climate. Under favorable conditions earnings of industrial companies can increase 25%, 35% or 50%, or they can go from a red figure to a black figure. In other words, the divisor in the price-earnings ratio is fairly stable in the case of utilities but is so volatile in the case of industrials that the resulting ratio is a variable and misleading yardstick. Forgetting the glamour stocks whose price-earnings ratios of 50 to 100 are completely meaningless; why, for instance, does General Motors sell around 15 times this year's anticipated earnings and U. S. Steel about 18 times probable 1963 earnings? The obvious answer is that General Motors is enjoying a record year while U. S. Steel's earnings are believed to be depressed. Investors, therefore, are willing to pay a higher multiple for the depressed earnings of U. S. Steel because of the possibility that they might increase more sharply than the record earnings of General Motors.

Present P/E Ratio Too High

I have no quarrel with capitalizing utilities at 20 or even 30 times earnings if the prospects are sufficiently favorable. In fact, I believe that a utility whose earnings can be expected to increase at the rate of 6½% a year should be worth 22 to 25 times earnings even though the yield would be no more than 2¾% or 3%. With 20-20 hindsight and now knowing that earnings increased 6½% annually between 1957 and 1962, it is easy to see that utilities should have been selling 22 to 25 times earnings in 1957 and not 14.8 times. But, if I am right in my projection that earnings over the next five years will increase at a rate of only 4% to 4½%, the current price-earnings ratio is hard to justify.

As investors recognize that the growth in utility earnings is slowing down they may well moderate their ideas as to the proper price-earnings ratios which would be the reverse of what happened between 1957 and 1962 when earnings increased at a more rapid rate than had been anticipated. This does not necessarily mean that the price of utility stocks will decline. It is possible that they will remain around current levels until earnings have increased sufficiently to justify present prices on a lower price-earnings basis. If a utility stock is currently selling 21 times earnings and earnings increase 25% over the next five years, or at the rate of 4½% annually, the present price would be 17 times earnings five years hence. The question is whether investors will be willing to hold a stock yielding 3% to 3½% for five years until earnings justify the present price. I think they probably will, but I don't think they will obtain, or will expect to obtain, appreciation equal to that of the past five years, 60% of which was due to higher price-earnings ratios.

High Premium Over Book Value

One further remark on the valuation of utility stocks. Several years ago an official of the First Boston Corporation talking before a group of analysts said that he believed that utility stocks should sell at a premium appreciably in excess of book value to assure their ability to finance successfully. While he did not give his idea of an appropriate figure, he mentioned that in Aug., 1952 the average market value of some 93 electric utility stocks was 37% above their average book value. In 1957 the market value of Moody's Utility Average was 35% above its book value. It is now almost 2½ times its book value. With individual utility stocks currently selling double to quadruple their book value, we have come a long way since 1952 and 1957. These high premiums, of course, are very helpful to utilities when they have to raise equity capital. They enable the companies to increase their equity base as much as 20% while issuing only 5% additional shares. It is a sort of boot strap operation that enables them to increase the book value of the common stock by taking in new partners at a high price. But particularly in a period when very little additional common stock will be sold, there is some question as to whether this is a sound investment appraisal. Some might infer that this indicates that the return on the equity is too high in relation to the actual cost of capital. However, I believe that is merely indicates that investors are paying too high a price for the current and prospective earnings. This is the result of a free market with a steady demand exceeding the supply at levels closer to book value. If, however, anything should happen which would undermine the confidence that investors have in the ability of utilities to earn a return adequate to maintain an increasing trend of earnings, the demand-supply relationship would be reversed and the premium over book value would be reduced or disappear.

Long Term Growth Outlook

I had not anticipated going into the longer term prospects for the utilities. However, I believe the projections of a recently published book entitled "Resources in America's Future" may be of more than passing interest. It was published by Johns Hopkins Press for Resources For the Future, Inc. which is a non-profit corporation established in 1952 with the cooperation of the Ford Foundation. While any projections into the future are hazardous, this book appears to be well done and its projections soundly conceived. In contrast to the annual compound increase in the use of electricity of 7.9% between 1940 and 1950 and 8% between 1950 and 1960, its medium projections indicate an annual growth rate of only 5.2% between 1960 and 1970, 4.8% between 1970 and 1980, and 3.8% in each of the following two decades. In fact, is estimates that the increase in the use of electricity in the last decade of this century will be only 47% or slightly less than the anticipated 50% increase in the Federal Reserve Board Index of Production. These are the medium projections but, even on the basis of the low and high projections, the increase in the use of electricity between 1990 and 2000 is expected to be less than the increase in the Federal Reserve Board Index of Production. As I said, I had not intended to go into the long term prospects for utilities but I thought you might be interested in this somewhat sobering study which I submit merely as the frosting on the cake.

*A talk by Mr. Hyde to the Utility Forum at the Fifth Regional Convention of the New York Society of Security Analysts, New York City, Oct. 7, 1963.

NSTA NOTES

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

On Nov. 16, 1963, The Investment Traders Association of Philadelphia are having their annual Dinner and Dance at the Germantown Cricket Club.

HOUSTON SECURITY TRADERS ASSOCIATION

At the Annual Meeting of the Houston Security Traders Association, held Nov. 5, the following new officers were elected for the ensuing year:


Daniel C. Hahn


A. Gordon Crockett


Harry Ratliff

President: Daniel C. Hahn, Eddleman, Pollok & Fosdick, Inc.

First Vice-President: A. Gordon Crockett, Dempsey-Tegeler & Company, Incorporated.

Second Vice-President: Harry Ratliff, A. G. Edwards & Sons.

Secretary: Rudy Blattel, Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Treasurer: William Holden, Underwood, Neuhaus & Co., Inc.

Governors: John Bayne, Rotan, Mosle & Co., and George W. Gearner, First Southwest Company.

Richard Bradley, Equitable Securities Corporation, has been appointed Chairman of the OTC Education Committee, and George Gearner has been named National Committeeman.

The State of TRADE and INDUSTRY

Steel Production
Electric Output
Carloadings
Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

"Good" is the word most commonly used by Purchasing Executives in their latest report to describe the current and year-end quarter business picture. Their remarks would indicate that they expect it to remain so for the balance of 1963. In July, for example, 52% of their members were "optimistic" about the outlook and the third-quarter performance has borne out their optimism.

The current survey is based upon the composite opinion of purchasing agents who comprise the National Association of Purchasing Agents Business Survey Committee.

New order and production figures continue to show improvement about the same rate as last month, with almost 4 to 1 reporting better when compared to those reporting worse. Except for two occasions, the 10% showing a worse new order situation is the lowest number so indicating since May, 1959.

The Automotive Industry is said to be the unquestioned leader in the present advance, pulling steel and others in its wake. However, study of the figures indicates that the broader base noted in earlier reports is still very much in evidence. Scattered strikes, price pressures, profits, tax cuts, weather, lead time, and stiff competition all come in for mention and consideration, as members continued to point out that the present "good pace" is not a boom. The elusive "golden sixties" remain somewhere over the horizon.

Purchased Materials Inventories

A special question last month asked the members what adjustments in inventories they foresaw over the next 60 days, considering their views on the continuation of good business activity: 21% expected increases and 21% looked for decreases. Thus, they expect this month's figures to reflect a slowing in rate of liquidation. However, the rate of liquidation increased, as 31% reported lower levels, up from 26% last month, and 14% note higher stocks, down from 17% indicating such in September.

This is most interesting in light of the optimistic tone in the remarks of members, firming in prices, scattered labor disputes, and talk of lengthening lead time, all of which usually tend to raise inventory levels.

Conjecture would suggest that the current higher rate of liquidation was largely unplanned and considerably influenced by the jump in new order and production figures noted last month. The Purchasing Agents will attempt to find the answer in a special question next month.

Buying Policy

Only a minor change of position is noted with regard to forward commitments in October. In general, these were a bit shorter than in September.

Several comments from members indicate a fairly good level of capital spending with reasonable expectation of continuing improvement. Depreciation relief and anticipation of a lighter tax load next year are supplying much of the incentive, along with the competitive necessity brought on by rapid technological development.

Employment

Last month's report advised against over-enthusiasm, based on September's improved employment figures. Employment continues to show improvement this month but, as expected, at a slower rate than September: 20% report higher levels, down from 23%, and 14% say they have fewer employees, up from 12% so stating last month. Nevertheless, this is the eighth straight month that those reporting higher levels have outnumbered those reporting lower.

Commodity Prices Rise for 4th Month in a Row

The assault on price stability continued through the fourth consecutive month. October statistics reflect a sharp gain in the number encountering higher tags. From September's 24%, the figure has leaped to 56%, which is the largest number so reporting in five years. It surpasses by two points the steep rise of mid-1958 which followed the last across-the-board steel price hike. Only 3% mention lower prices.

There can be little doubt that testing of the market on a selective basis has become a popular game of chance and just how many will ultimately choose to take part is now known. It is apparent that a "now or never" market strategy may have developed in reflection of the strong business tempo; and in some cases as a coattail riding aftermath of steel increases.

Specific Commodity Changes

Though last month's report claimed the largest tally of specific price increases in two years, our October list is even larger. Carbon steel, particularly bars, plates, pipe, and structural, received most prominent mention. Paper and a broad range of associated items were also strong. Chemicals were mixed, with neither strength nor weakness predominating in our statistics for the over-all category.

If a waggish note can be excused in this period of serious drought, which received comment from several members, we have included rain in the short supply classification.

On the *up* side are: Aluminum, lead, carbon steel, tin, zinc, cadmium, electric motors, soybean oil, sugar, phthalic anhydride and plasticizers, coal, paper, and tires.

On the *down* size are: Stainless steel and butyl acetate.

In short supply: Cadmium and rain.

Bank Clearings Jump 11.2% Above 1962 Week's Volume

Bank clearings in the latest statement gained substantially in dollar volume over the year-ago week. They were, however, below last week's total of $34,397,524,141. Preliminary figures compiled by the *Chronicle*, based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Nov. 9, clearings for all cities of the United States for which it is possible to obtain weekly clearings were 11.2% above those of the corresponding week last year.

Our preliminary totals were $31,692,965,812 against $28,492,793,777 for the same week in 1962.

Our comparative summary for some of the principal money centers follows:

Week End. Ncv. 9—	(000s Omitted) 1963	1962	%
New York	$17,085,247	$15,168,326	+12.6
Chicago	1,399,014	1,259,215	+11.1
Philadelphia	1,187,000	1,047,000	+13.4
Boston	986,505	895,398	+10.2
Kansas City	563,386	500,441	+12.6

Steel Output 8.5% Ahead of Year Ago Week and 0.7% Above Last Week for Tenth Rise Out of Past Eleven Weeks, Leaving Year's Cumulative Output 11.2% Above 1962 Period's

According to data compiled by the American Iron and Steel Institute, production for the week ended Nov. 9 was 1,958,000 tons (*105.1%) as against 1,944,000 tons (*104.4%) in the Nov. 2 ending week. It marked the third weekly increase in a row.

This fractional rise in output was the tenth non-spectacular weekly advance in the past 11 weeks, and was the highest weekly output since the 2,077,000 tons of ingots and castings produced in the July 13-ending week. This steady output, if it continues is still expected to garner a 110 million ton year — highest since the 112.7 million tons in 1957. The 1963 low of 7,142,000 tons occurred in the week ended Aug. 17 and the high of 2,626,000 tons in the week ended May 25, which was unequalled in the past two years and last equalled in mid-March, 1960. Except for July 13 week's 1.6% gain, there was an uninterrupted decline from May 25 until the week ending Aug. 24. Then followed ten weekly advances in output out of the eleven past weeks marking 15.1% rise for those weeks. The industry had hoped for a more vigorous upturn in the past several weeks but will not be unhappy if the succeeding weeks make up any disappointment felt so far while living up to last quarter bullish expectations.

Last week's output was 5.1 percentage points above the 1957-59 base period's average weekly output and was approximately 12.4% larger than that for the year's lowest output week (1,742,000 tons) ending Aug. 17. The latest statement week's output was 8.5% above the 1,804,000 tons produced in the year-ago week.

The cumulative total output of ingots and castings since Jan. 1 topped the year-ago period with a total of 94,960,000 net tons (*113.3%) which is 11.2% above the Jan. 1-Nov. 10, 1962 production of 85,363,000 net tons. In the comparison with last week's cumulative index total of 113.5%, this week's tally faltered at 113.3% (1957-59=100).

District—	*Index of Ingot Production for Week Ending Nov. 9	Nov. 2
North East Coast	105	103
Buffalo	107	100
Pittsburgh	93	92
Youngstown	115	93
Cleveland	101	105
Detroit	149	154
Chicago	99	109
Cincinnati	111	104
St. Louis	122	118
Southern	93	91
Western	111	116
Total industry	105.1	104.4

*Index of production based on average weekly production for 1957-59.

Steel Production Continues To Inch Up

Steel production is at the highest November level in five years

Continued on page 28

The Market . . . And You

BY WALLACE STREETE

Selective strength and profit-taking among the recent favorites in this week's stock market continued to paint a picture of a generally stalled list, lolling in what technicians like to call a "consolidation" phase.

Several important dividend meetings were being watched anxiously, including those of American Telephone, duPont and Columbia Broadcasting, and there was some caution around until it becomes more clear how much tax selling there will be as the year-end approaches.

Much good news already had been discounted well in advance, and there were still some major uncertainties hanging over the market, notably whether Congress will reduce taxes, to mitigate against any broad-scale surge by the general market at this particular time. To the extent that the market was able to hold at a relatively high level pending some new impetus, it was generally considered a favorable sign.

Higher Margins Taken in Stride

So far there was little indication that the increase in the margin requirement from 50% to 70% was anything more than a sign of governmental concern over possible abuses of credit in carrying securities.

Volume tapered off after the Election Day announcement of the higher cash requirement in securities purchases. But the evidence was clouded by holiday shutdowns, and the slow pace of the trading that goes on during Veterans Day when much of the investment community is missing.

Then too, with the list showing little sign of pushing ahead strongly, there inevitably would be a reduction in trading interest even without a tightened credit rein. So the eviednce was not at all clear that the margin increase had had any definite effect.

In the Limelight

Some market spectators were expecting a shift of trading interest into the secondary, lower-priced issues because of the higher margin requirement but it was far from clear whether this was merely a guess or wishful thinking. American Photocopy continued to stand out as the actively-traded item but it had gone into action even before the hike in margins and, actually, was doing little pricewise.

In fact, it was far from clear why there was so much trading in this issue which, for one week, ran to more than a million shares in only four trading sessions. The competition in office machinery from other makers is formidable and few analysts were overly strident about American Photocopy's chances of breaking into the scene with anything radical.

Laggard Components

Something of a new note was a play in certain of the rails, including Pennsylvania in the trouble-beset Eastern carriers. The rail average has a bit of ground to traverse yet before it could stage any test of this year's high. If it did come to life, it would be the spark to set off the utility section anew. The utility section was even more laggard than the rail one, neither having accomplished anything significant since late in August while the industrial average was forging to historic highs as recently as late October.

New life elsewhere would be an added plus, since general sentiment favors at least a buoyant market through the rash of year-end dividend declarations to come. Also many full year earnings reports are expected to make excellent reading for stockholders.

The good dividends and earnings are concentrated mostly in the giants of American industry —the auto makers and top grade blue chips—which have been the issues that have been pacing the market. This concentration has left many of the secondary issues definitely neglected even in cases where the changes in their fortunes ordinarily would be noted quickly by the market researchers.

"A Significant Turn"

Aeroquip Corp., for one, largest maker in the field of detachable house fittings and couplings, appears to have made a significant turn in its profit picture in the final quarter of its fiscal year that ended in September. In part, the company's previous results had been depressed by the start-up costs of manufacturing facilities abroad which have been established in the last two years.

The company started out as a maker of a relatively narrow product line catering to military aircraft. But it has branched out, both with new products and through diversification, to where it offers a broad range of assemblies for a wide spectrum of uses including aerospace work.

The company's earnings results for the last fiscal year aren't expected to be startling; in fact a dip from the previous year is expected. But the final quarter showed a large improvement over the same period a year earlier, hinting that some of its expenses and problems with the foreign operations had been solved. Projections for the current fiscal year indicate that the recent market price is less than 12-times the expected earnings for this year and the shares are down about a fourth from their 1961 high.

High Yield Ignored

Indications that capital spending by business will push higher to well above $40 billion next year were favorable for the capital goods companies but without stirring up much investor interest. Chicago Pneumatic Tool, with demonstrated improvement in earnings and a sufficiently bright outlook to warrant a higher dividend, has not yet carved out a range for this year of as much as 10 points through all the good news.

At a time when average yields are only a bit better than 3% and for the market high-flyers, even less, the shares of Chicago Pneumatic have been available at a return that runs well into the 4% bracket with a favorable recent earnings record and future outlook.

Tax Sheltered Issue

The electronic item that seems to have skipped much of the recent favor for such issues is Packard Bell, a leading west coast TV, high-fi and radio maker that also is active in the computer field. The stock long ago made its high, 1959 to be exact, and since has had a long downhill slide.

In part, the decline in Packard Bell shares stemmed from unprofitable government contracts that crippled earnings for two years until they could be terminated. During this the shares slid from above 46 to a low of less than 8. Estimates are that for the last fiscal year the company is expected to show a comfortable upsurge in its profits which, with a tax shelter for several years ahead, could be boosted importantly in the future. With any real turnabout in its results, the issue could be volatile since its capitalization is small.

Burdened With Cash

Something of an unknown factor is Brown Shoe which had to get rid of its G. R. Kinney subsidiary which is estimated as having produced a fifth of its profits. So a dip in per-share results is expected for the last fiscal year. But it is now a cash-rich operation. The company's first move with its heavy cash larder was to offer to retire up to 300,000 shares of its common stock which is nearly 16% of the shares outstanding. If it is successful in this tender offer, obviously the per-share results of the future will have to be revised.

Bright Prognosis

A newcomer to what appears to be a steady earnings improvement in Olin Mathieson which some years back was so busy expanding that it had troubles digesting all its acquisitions, particularly the aluminum venture inot which it plunged just when the aluminum market fell apart. Earnings projections give Olin a good chance for a respectable increase in this year's results over those reported last year, and point to another increase in earnings next year. Better prices in any of the many fields in which Olin operations could call for an upward revision in even the present favorable estimates.

[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.]

BANK AND INSURANCE STOCKS

This Week — Insurance Stocks

MARSH & McLENNAN, INC.—

In March, 1962, an underwriting group successfully sold to the public 673,215 shares of Marsh & McLennan, Inc., at $44½ per share, thereby raising approximately $30 million. This was a unique offering in that it marks the first public underwriting of a company in the insurance agency and brokerage business.

Marsh & McLennan operates one of the largest insurance brokerage and agency businesses in the United States and Canada and is becoming increasingly active in other parts of the world. Approximately 90% of the company's income of $51.9 million in 1962 was represented by commissions from insurance premiums. In addition, the company performs actuarial and pension planning services, furnishes advisory and management services for self-insurance programs, and performs certain other related functions. The company is a successor to the partnership of March & McLennan formed in 1871, which became a Delaware corporation in 1923.

The company's principal customers for whom it places insurance are industrial, mercantile, utility, and transportation corporations and financial institutions. Virtually all types of property and casualty coverages are carried. As a broker, the company represents the insured and, in addition to placing the insurance, may offer advice on insurance requirements, review property valuations, assist in the preparation of claims for losses and render other services. The company also acts as an agent and, in that capacity, writes policies on behalf of various insurance companies on a non-exclusive basis. The company often acts as both a broker and agent in a single transaction.

Marsh & McLennan's principal compensation consists of its commissions from insurance companies which are a percentage of the premiums and vary according to the type of insurance written, the particular insurance company, and the services performed by the company. In recent years approximately two thirds of the company's income has been divided equally between property and casualty laws. The remainder is derived from life, pension, reinsurance, adjusting fees, co-brokerage commissions, and all others, in order of declining importance.

Canadian operations have contributed 12.5% of total income in recent years. Although foreign operations outside of Canada constitute a minor portion of revenues, the company has long provided world-wide facilities through establishing connections with leading insurance firms wherever its clients have business. In furtherance of that policy, Marsh & McLennan broadened its overseas facilities in 1962 by an arrangement with J. Henrijean & Ses Fils, a leading insurance brokerage firm of Brussels, under which it will be able to provide a single coordinated insurance brokerage service throughout the Common Market area.

Marsh & McLennan has maintained an aggressive acquisition policy which has contributed 2%-3% of the company's annual growth rate of 8% in recent years. From 1957 through 1961 the businesses of 14 insurance brokerage and agency concerns were acquired. Five additional firms were acquired in 1962. Thus far in 1963 the Boller-Clark Agency, Inc. of Rochester, New York was acquired as well as the businesses of Griswold & Co., Inc. and J. C. Griswold & Co., Inc. of New York, and Griswold & Farley of California. Virtually all of these firms were acquired through issuance of common stock. It is the company's policy in acquisitions to acquire strong brokerage firms in areas where Marsh & McLennan does not have adequate representation which is primarily handling large commercial accounts. It is likely that acquisitions will continue to be an important factor in the company's future growth in view of the increasing competitiveness of all phases of the insurance field.

A steady growth in gross income and earnings has been experienced over the past five years. In 1962 commissions and fees increased to an all-time high of $52 million, up 6.5% over the previous year, while earnings advanced moderately from $1.90 to $1.95 per share. Last year's earnings were penalized $0.05 per share through an exchange loss of $205,000, reflecting a decline in the currency value of the Canadian dollar during the year.

For the first nine months of 1963 the company has reported earnings of $1.62 per share compared with $1.42 in the comparable period of 1962. While interim results tend to fluctuate rather widely due to the nature of insurance accounting procedures, it is expected that this rate of expansion will be maintained over the remainder of the year with full year earnings amounting to $2.20 per share.

Since the public offering of 673,215 shares in March, 1962, two-thirds of which were sold for the benefit of stockholders, the common stock has ranged between $48⅛ and $33½. These prices were reached in 1962, reflecting the wide price swings of new issues in that year. The present price of $33⅝ bid is near the all-time low. At this price the stock provides a yield of 3.6% on its $1.20 annual dividend and is selling at 15.7 times projected earnings for the present year.

STATISTICAL DATA

Year	Gross Inc. (000,000)	Net Earns. (000,000)	Earnings Per Share	Dividends	Price Range
1957	$35.2	$3.2	$1.43	$0.40	----------
1958	36.9	2.9	1.27	0.40	----------
1959	41.4	4.0	1.58	0.40	----------
1960	43.5	4.6	1.83	0.40	----------
1961	48.7	4.8	1.90	0.48	----------
1962	52.0	5.0	1.95	0.98	$48⅛-33½
9 Mos. 1962	NA	3.5	1.42	0.68	48⅛-37½
1963	NA	4.1	1.62	0.90	41⅞-33⅝

Disclosure Rules for National Banks

Detailed instructions to assist bank officers in complying with new regulations on corporate practices and disclosure have gone to the 4,589 national banks, the Office of the Comptroller of the Currency just announced.

Regulations requiring national banks to furnish shareholders with minimum standards of information became effective as of Feb. 1, 1963, and will apply to meeting notices and proxy statements to shareholders for banks' annual meetings early in 1964.

The banks have been provided with a 52-page booklet entitled, "Shareholders' Meeting Instructions." It contains forms and instructions applicable to any meeting of shareholders at which directors are to be elected or at which shareholders will consider other corporate actions.

Assist Intelligent Owners' Voting

The proxy statement, according to the Comptroller's instructions, "must include all of the information necessary for intelligent voting by a shareholder." For example, if action is to be taken with respect to bonus, profit-sharing or pension plans, the material features of the plan must be described.

Full disclosure also is called for with respect to granting or extending options, warrants or rights to purchase the bank's stock; the authorization or issuance of any security, or amendment of the bank's Articles of Association.

The new disclosure regulations are mandatory for banks with total deposits of $25 million and over. There are 654 national banks in this category. They have 81.2% of the total assets of all national banks and 53.8% of the nearly $300 billion assets of all commercial and stock savings banks.

Comptroller of the Currency James J. Saxon said that while national banks with total deposits under $25 million are not covered, it is "strongly urged that such banks furnish their stockholders substantially the same information." Mr. Saxon said that many banks under the $25 million cutoff point had indicated a willingness to follow the disclosure requirements, if compliance requirements could be simplified. Such simplification is the intended purpose of these instructions.

Paine, Webber Advances Two

Paine, Webber, Jackson & Curtis, 25 Broad Street, New York City, members of the New York Stock Exchange, have appointed James W. Davant managing partner and John H. Schwieger administrative partner.

Mr. Davant, resident partner in charge of the Minneapolis office and Chairman of the firm's branch office committee, will succeed Lloyd W. Mason, who will continue as senior partner and a member of the policy committee.

Foster & Foster Formed

BOSTON, Mass.—Foster & Foster, Inc. is conducting a securities business from offices at 53 State St. Officers are Hugh K. Foster, President; Rockwood H. Foster, Treasurer; and John S. Howland II, Clerk.

Funds' Buying Matched Selling as Market Soared

Continued from page 1

in mind, we now direct our attention to what was the basic thinking of fund managers toward common stocks during the September quarter. Based on our extensive study, fund managers slowed down their securities purchases as the stock market pushed through its old high. Similarly, it develops that security sales stepped-up during the same period. Fund managers, during the third quarter, continued to buy more stocks than they sold, $702 million purchases against $689 million in sales; however, the margin of buying narrowed considerably from the preceding three month span. *Net* buying dropped sharply to $13 million from $183 million in *net* buying during the June quarter. *Sales* of common stocks during the third quarter of $689 million were higher than the $619 million liquidated in the June quarter and indicate the increased tempo of *selling* that took place. Moreover, it marked the fourth successive quarterly increase in sales. In short, the *overall* portfolio operations of the funds in the September quarter resulted in something of a stalemate, rather than an indication of a trend in any particular direction.

In the case of the open-end balanced funds, stepped-up selling was once again experienced during the third quarter. Concomitantly, buying dipped sharply to $214 million from $275 million in June, and was off 21%. On a *net* basis, sales of $20.3 million in the period compared with $76.5 million in purchases during the June quarter.

As for the open-end stock funds where the major portion of the September quarter buying stemmed, *net* group purchases of $35.5 million reflected a decline of 72% from the equivalent total of $123.6 million in the June quarter.

In the closed-end companies, stepped-up buying (only group doing this) and selling was experienced during the third quarter. Total purchases during the period of $47.2 million contrasted with $41.6 million in buying during the second quarter. Total sales of $49.4 million compared with $45.3 million in the previous quarter. On a *net* basis, sales for the September and June quarters were $2.2 million and $3.7 million, respectively.

As a proportion of total portfolio assets of investment companies, liquid assets rose slightly to 7.0% as of Sept. 30 from 6.9% on June 30; and other defensive securities to 8.7% from 8.6%. The common stock sector of their balance sheet value registered a slight drop to 84.3% from 84.5%.

INDUSTRY STATISTICS

In the accompanying table will be found comparative statistics, by quarters in the years 1963, 1962 and 1961, of the status of the mutual fund industry with respect to total net assets, gross and net share sales, etc. The data shows that *net* share sales recorded a gain of approximately $20 million in the September quarter as compared with the June quarter. The *total net assets* of the funds showed a quarter-to-quarter increase about one billion dollars.

SOME ECONOMIC FORECASTS

Fund managers, in the following commentaries, expressed their ideas on the future to shareholders as the third quarter of 1963 ended.

Richard H. Mansfield, President, and Albert J. Hettinger, Jr., Chairman of The Lazard Fund Inc: "The degree of error in any economic forecast is too great to warrant high confidence, yet investment policy must be based on a premise subject to change for cause. We assume for the immediate future a rising world economy subjected to continued strains due to pressures of cost inflation, and the intervention of governments in an effort to insure high levels of employment while necessary adjustments are made. Deflation is feared more than inflation, and restraints will fall short of knowingly assuming risks of recession. Balance of payments problems are unlikely to diminish, and the difficulties of underdeveloped countries are likely to increase. Recovery should continue in the United States. The motor industry may approach but is unlikely to equal the high volumes of 1962 and 1963. There is no present basis for anticipating wide changes in either direction in construction volumes. The increase in capital expenditures by business should accelerate as rising production volumes fully utilize efficient plant facilities and force the alternatives of overtime at penalty rates, use of less efficient standby facilities or new construction. Characteristically, this is accompanied by less inventory restraint and more aggressive purchasing, conceivably reinforced to the extent that hope for inventory profits displaces fear of inventory losses. Ample consumer resources should assure, granting continued confidence, well maintained trade volumes. Continued undramatic recovery is not an unreasonable expectation."

Edward P. Rubin, President, Selected American Shares: "Two years ago, some observers feared the growth rate of our economy was slowing down. Today it appears the rate of growth is much in line with long-term historic trends. Productivity is rising rapidly; wage increases seem more in line with improved efficiency. Profit margins in many areas have stabilized or are improving.

"The Administration is vigorously endeavoring to reduce personal and corporate income taxes, effective next Jan. 1. If tax reduction is enacted, it could be an important stimulus to future growth.

"As always, there are, of course, some problems. Unemployment stays stubbornly near 5.5%, despite new highs in the number employed. Both the Federal budget and the balance of international payments continue in deficit. The cost of living is at new highs. A somewhat more peaceful atmosphere in U. S. relations with Russia must be viewed against a background of disturbed political conditions in Latin America and many other areas.

Your management believes that with due allowance for ever-present difficulties, the American economy continues to be in an essentially strong position, both currently and with respect to long-term opportunities for further growth."

Harold K. Bradford, Chairman of the Board and President, Investors Mutual, Inc.: "By past standards the present cycle is at a mature stage, but there are, so far, no great excesses evident in the economy, and there is a firm base of underlying support in many broad areas. By the same token, there is no sound basis for projecting a further strong rise in the economy over the next six to eight months from the present high level of activity. The outlook is rather for a very

THREE-YEAR COMPARATIVE STATISTICS RELATIVE TO THE MUTUAL FUND INDUSTRY

Gross Sales
(Millions)

Qr.	1963	1962	1961
I	$600.7	*$922.1	$719.9
II	591.9	771.1	695.4
III	617.8	495.0	722.4
IV	----	510.9	813.1
	----	$2,699.1	$2,950.8

*Historic high.

Redemptions
(Millions)

Qr.	1963	1962	1961
I	$347.9	$282.4	*$331.1
II	381.0	320.0	317.9
III	388.7	234.7	248.0
IV	----	285.6	263.3
	----	$1,122.7	$1,160.3

*Historic high.

Net Sales (Sales Less Redemptions)
(Millions)

Qr.	1963	1962	1961
I	$252.8	*$639.7	$388.8
II	210.9	451.1	377.5
III	229.1	260.3	474.4
IV	----	224.3	549.8
	----	$1,575.4	$1,790.5

*Historic high.

Net Assets
(Millions)

Qr.	1963	1962	1961
I	$22,639	$23,048	$19,439
II	23,692	18,436	20,002
III	24,496	19,088	21,008
IV	----	21,271	22,789

Ratio of Redemptions to Net Assets

Qr.	1963	1962	1961
I	1.54%	1.23%	1.81%
II	1.64	1.54	1.61
III	1.61	1.25	1.21
IV	----	1.42	1.20

Note: Ratio of redemptions to average net assets in 1962 was 5.1%. This compared with 5.8% in 1961 and 5.1% in 1960.

THREE YEAR COMPARATIVE COMMON STOCK TRANSACTIONS BY 89 INVESTMENT COMPANIES SURVEYED
($ Millions)

	1963		1962		1961	
Qr.	Purchases	Sales	Purchases	Sales	Purchases	Sales
I	$737	$557	$671	$495	$644	$484
II	815	619	*811	483	723	561
III	702	689	458	516	657	518
IV	----	----	543	462	703	603

* Historic high.

modest gain in general business activity through year-end and a general flattening of the upward trend to mid-1964.

It is important to remember that we have had a long-sustained rise in some of the major sectors of the economy, as in automobiles and private and public construction. It is only reasonable to expect some consolidation of demand in these areas as we move further along in the cycle. The stimulus of the expected tax cut should, of course, materially offset any decline in these volatile sectors in the near-term, as well as provide increased stimulus to the economy in the longer-term. Thus, although there is little prospect for a boom in business activity from current levels, there is a sound balance of strength in the economy which will minimize any cyclical adjustment."

POLICY TOWARD INDUSTRY GROUPS

Fund managements although displaying an increasingly cautious buying policy, remained confident in the immediate future by favoring 20 industry groups while disfavoring 1 during the September quarter. This compares favorably with the 23 industries being bought and 1 sold during the June quarter.

In the September quarter, the following industry groups were *predominately bought:* agricultural equipment, aircraft and aircraft equipment, airline, bank, building and construction, chemical, electronic, food product, machinery and industrial equipment, metal (aluminum-copper), office equipment, paper, public utility (telephone and telegraph), printing and publishing, radio, television, railroad, rubber, steel, textile and tobacco.

The following industries were *mildly favored* by managements in this survey: automative, automotive equipment, container, glass and natural gas.

In the *mixed* category we find beverages, cosmetic, drug, finance, insurance, public utility (electric and gas), and retail trade.

The lone group sold on balance during the September quarter was the oils.

MOST POPULAR ISSUES

Top rank as the most widely bought issue during the third quarter was achieved by IBM. This dynamic growth issue had 16 fund managements making commitments.

In second position was Gulf Oil, a large crude oil producer. This issue was acquired by 14 managements during the September quarter against 23 during June, when the issue was the most widely sought.

The third position went to American Airlines with 12 buyers.

UNANIMOUS FAVORITES

The following issues, bought by four or more managements, met no selling: Aluminum Co. of America; Avco; Consolidated Edison; Dow Chemical; Emhart Manufacturing; General Telephone & Electronics; International Harvester; Jones & Laughlin; Kennecott Copper; McLouth Steel; Montgomery Ward; Pfizer & Co.; Sierra Pacific Power; and Westinghouse Electric.

Other issues which were heavily, but not unanimously purchased, included Aluminum Ltd.; American Telephone & Telegraph; Burlington Industries; Chrysler; Columbia Broadcasting; Goodyear; International Telephone & Telegraph; Monsanto Chemical; Motorola; Pan American; Reynolds Tobacco; Royal Dutch Petroleum; and Standard Oil (N. J.).

"DEBUTANTS PARADE"

This category we reserve especially for issues with relatively no prior investment fame insofar as fund managers are concerned. Such issues are generally traded in the OTC market or small regional exchanges. Issues making the scene in investment company portfolios during the September quarter included: A.K.U. Corp.; Alterman Foods; Aztec Oil & Gas; Computer Control Co.; Fieldcrest Mills; Inter-County Telephone & Telegraph; Hawthorne Mellody; Ohio Brass; Sierra Pacific Power Co.; Super Valu Stores; Raychem Corp.; Tokio Fire & Marine Insurance; Transcontinental Bus System; Travelers Express; Taylor Publishing; United Utilities and Western Deep Levels Ltd.

DIS-FAVORED STOCKS

Among stocks markedly disfavored during the September quarter were Amerada Petroleum; American Smelting & Refining; Caterpillar Tractor; Ford Motor; Gillette; Norwich Pharmacal; Penney J. C.; North American Aviation; Southern California Edison; Standard Oil-California; Standard Oil-Indiana; and Xerox.

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Changes in Common Stock Holdings of 75 Investment Management Groups

(July-September, 1963)

The following transactions include only those issues in which more than one management group participated. Issues in which more managements sold than bought are in italics. Numerals in parentheses indicate number of managements making entirely new purchases or completely eliminating the stock from their portfolios. *(Purchases exclude shares received through stock splits, dividends, etc. Number of shares bought or sold prior to stock splits are expressed giving effect to the split.)*

—Bought—			—Sold—	
No. of Mgts.	No. of Shares		No. of Shares	No. of Mgts.
		Agricultural Equipment		
2(1)	900	Deere & Co.	11,700	2
4(3)	153,500	International Harvester	None	None
1	90,000	Massey-Ferguson	50,200	1(1)
		Aircraft and Aircraft Equipment		
4(3)	191,000	Avco Corp.	None	None
1	3,000	Bendix Corp.	7,000	1
2	19,000	Cessna Aircraft	None	None
3	30,300	Grumman Aircraft	None	None
6(2)	204,000	Lockheed Aircraft	121,000	5(1)
3	9,500	McDonnell Aircraft	None	None
1	4,500	Northrop Corp.	25,000	1
2	36,900	Thompson Ramo	None	None
None	*None*	*Aerojet General*	*37,750*	*3(2)*
None	*None*	*Boeing*	*22,000*	*2(2)*
None	*None*	*Douglas*	*17,300*	*2*
2	*8,500*	*North American Aviation*	*117,800*	*7(6)*
		Airlines		
12(1)	159,600	American	69,000	3(3)
2	7,000	Delta	14,000	2
2	25,900	National	32,200	2(1)
4(1)	53,500	Northwest	30,900	2
7	98,200	Pan-American	84,500	3(2)
3	30,739	United	34,100	2(1)
None	*None*	*Eastern*	*60,000*	*2(2)*
		Automotive		
1	3,000	American Motors	20,000	1(1)
6(2)	65,900	Chrysler	5,000	1
2(1)	55,000	Fruehauf Corp.	30,000	1(1)
4	75,700	General Motors	160,500	3(1)
2	*11,000*	*Ford*	*118,300*	*8*
1	*5,000*	*Mack Trucks*	*21,000*	*2(1)*
None	*None*	*White Motors*	*12,000*	*2(1)*
		Automotive Equipment & Parts		
1	4,500	Briggs & Stratton	2,900	1
1	9,000	Champion Spark Plug	13,000	1
3	29,600	Timken Roller Bearing	None	None
2(1)	*22,000*	*Borg Warner*	*13,900*	*3(1)*
		Banks		
2(1)	22,100	Bank of America	12,800	1
1	48,300	Chase Manhattan Bank	13,000	1
3(1)	3,500	Chemical Bank N. Y. Trust	11,500	3(2)
2	21,040	First National City Bank N. Y.	32,200	2
1(1)	300	Security First Nat'l Bk. (L. A.)	20,086	1
2	3,100	U. S. Fidelity & Guaranty	None	None
1	*41,000*	*Bankers Trust Co.*	*31,500*	*3(2)*

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Form Investment Co.

MIAMI, Fla.—Mutual Funds Sales & Planning, Inc. has been formed with offices at 12400 Southwest Sixty-third Ave. to engage in a securities business. Officers are Clinton J. Parr, President; Franklin D. Fletcher, Vice-President; and Dennis L. Murphy, Jr., Secretary and Treasurer.

Funds' Buying Matched Selling as Market Soared

Continued from page 19

COMPLETELY FRIENDLESS

Issues which were sold by four or more managements, with no buyers, included American Smelting & Refining; Norwich Pharmacal; Owens Corning Fiberglas; Parke Davis; Penny J. C.; Standard Oil California; and Standard Oil of Indiana.

* * *

TRANSACTIONS IN THE FAVORED GROUPS

Agricultural Equipment Sought

Sentiment toward this group showed decided improvement over the June quarter. In the case of International Harvester, a *unanimous issue*, four buyers and no sellers were indicated. The issue was newly acquired by Wellington (125,000); Scudder Stevens Common (20,000); and Guardian Mutual (3,500). Deere & Co. found one new buyer, Overseas Securities (500). A big block of Massey-Ferguson (90,000) was bought by Madison.

Aircrafts Continued Lift-Up

Despite talk of a cold war thaw, spending for missiles, aircraft and other defense products made by the aerospace industry seem destined to continue well into the future. Continued better buying was indicated once again in Avco, Gruman, and Lockheed. The latter, with six buyers, continued to attract the greatest interest. Among the new buyers in LK were United Accumulative (110,000); and United Income (70,000). State Street bought 12,000 shares and was second biggest buyer. Avco, another favorite, was newly bought by United Income (140,000); T-V Electronics (25,000); and Madison (20,000). North American Aviation continued to remain a heavy selling target. A huge block of 102,900 shares was eliminated by Dreyfus. Other eliminations were made by Energy Fund (5,000); Pine Street (2,000); Dominick (2,300), and Dodge & Cox (1,600).

Airlines Take-Off

Climbing profits and the supersonic plane race are keeping investors' eyes directed toward the airline stocks. Operating revenues of domestic trunk lines through September rose 8% above the comparable 1962 figure. The gain in traffic helped to lift industry earnings for the first nine months to $30 million—a sharp contrast to the $11 million loss suffered in the same year ago period.

Best bought industry issue was American, with Pan American and Northwest runners-up. In the case of American, buying continued to remain exceptionally heavy; the issue had 12 buyers, one newly — Johnston Mutual (10,000). Best commitments in AMR were made by the following managements: Tri - Continental (44,600); Investment Company of America (30,000); Broad Street (16,600); Institutional Growth (20,000); de Vegh (8,000); and Dreyfus (12,700). Pan American, which remained one of the popular issues, was acquired best by Fidelity (39,200); Delaware (16,000); and T-V Electronics Fund (15,000). Eastern, which continues to show large losses, was eliminated by Institutional Growth (20,000); and Delaware (40,000).

Banks Bought

Bank stocks were bought to a greater extent than was the case during the June quarter. Best bought bank issue was Chemical Bank N. Y. Trust, and was newly acquired by Overseas Securities (500). Bank of America was newly acquired by Investment Co. of America (15,000). The only issue sold on balance was Bankers Trust Co.; it was eliminated by Dreyfus (16,500); and Lazard (10,000).

Building, Construction Favored

This group showed better buying in the recent three months span, the emphasis being primarily centered around cement issues. Best bought issue was Lone Star Cement; Johnston Mutual bought (5,000) newly. General Portland Cement and Bestwall Gypsum also attracted a fair amount of attention. The latter was newly acquired by Overseas Securities (1,500); and also by Loomis-Sayles (17,600).

Chemicals Elicit Good Buying

Sentiment toward the chemical issues continued to show improvement over the preceding quarter, probably in keeping with the good earnings displayed by the group. Better buying was indicated in Monsanto; Union Carbide; and Dow Chemical. The latter, a unanimous issue, was best bought by One William Street (9,000); Price (T. Rowe) (7,480); and Lazard (4,600). Monsanto, another active issue, was newly acquired by One William Street (50,000); United Income (27,700); and Wall Street Investing. Giant duPont was sold on balance during the quarter, a large liquidator being the mammoth Wellington (15,800).

Electronics Remained Popular

This "glamour group" continued to display exceptionally good demand during the September quarter, with wide-spread buying continuing. Best bought issue once again was General Electric; Wissonsin Fund acquired (3,200) newly. A big buyer in GE was One William Street (19,900). Two other electronic concerns, Motorola and Westinghouse, were bought actively during the September quarter. The latter was best sought by Fidelity (22,700); and Lazard (2,100). Motorola was newly acquired by United Accumulative (81,000).

Foods Favored

Issues in this group found demand during the September quarter, after a somewhat mixed reaction in the June quarter, Armour continued to attract the better buying, with Putnam (66,000) and Eaton Howard (4,000) being the top buyers. American Sugar was newly acquired by Blue Ridge (2,300). Campbell Soup, a casualty item, was eliminated by Incorporated Investors (8,100); American European Securities (2,600); and Dominick (4,000).

Machinery and Industrial Equipment Popular

Continued good demand for machinery and industrial equipment issues was again in evidence in the September quarter. Best bought issue was Emhart Manufacturing purchasers including Bullock (5,400); National Securities Stock (8,600); and Adams Express (1,287). Clark Equipment was newly purchased by Nation Wide Securities (12,000); and Broad Street (13,700). A block of Singer Co. (4,000) was bought by Shareholders Trust of Boston.

Metals Well Liked

Sentiment toward metal issues continued to experience improvement, with overall demand exceptionally good during the period under review. In both the aluminum and copper sectors, no issues were sold on balance, and the selling that did occur was very mild. In the aluminum category, Reynolds and Aluminum Co. of America were *unanimous favorites*. Value Line Fund was a buyer in both issues, taking the latter issue (2,500) newly. Investment Trust of Boston was likewise a buyer in both issues. Dividend Shares was top buyer in Aluminum Co., with 22,000 shares. Aluminum Ltd., the best purchased industry issue, was also newly bought by Delaware Fund (50,000). There were seven additional buyers of the issue and one elimination, Overseas Securities (1,000).

In the copper sector, both Anaconda and Kennecott had no sellers. Anaconda was newly acquired by Fidelity (64,100); Kennecott by Nation - Wide (6,000); Bullock (10,000); and Dividend Shares (10,000). Freeport Sulphur, a mixed metal, was bought by Chemical Fund, Eaton Howard Balanced and Institutional Foundation (5,000).

Office Equipment Elicit Buying

This group elicited a fair amount of buying during the September quarter, after a mixed showing in the June quarter. IBM was the most widely bought issue during the September period. Top buyers of IBM included Investment Co. of America (12,000); United Accumulative (4,200); and State Street (2,000). Institutional Growth, newly acquired Sperry Rand (100,000); as did Fidelity (86,700). Control Data and Xerox, both past favorites, were sold on balance in the recent quarter.

Paper Issues in Demand

The paper sector attracted greater interest during the September quarter than was the case in the earlier three months. International Paper continued to be a stand-out, with four buyers acquiring a total of 55,500 shares. The largest acquisitions were by

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—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
		Beverages		
1	2,000	Anheuser-Busch	53,700	1(1)
1	3,000	Pepsi-Cola	6,000	1
1	*5,700*	*Coca-Cola*	*6,100*	*2(1)*
None	*None*	*Pabst Brewing*	*65,000*	*2(1)*
		Building Construction and Equipment		
3(1)	20,215	Bestwall Gypsum	None	None
2	11,000	Carrier Corp.	None	None
2(1)	3,500	General Portland Cement	2,600	1
4(1)	13,500	Lone Star Cement	10,600	1(1)
2	58,100	Marquette Cement	46,700	2
2	16,000	U. S. Gypsum	16,000	2(1)
2	32,000	U. S. Plywood	None	None
None	*None*	*National Gypsum*	*19,800*	*2(2)*
1	*100*	*Otis Elevator*	*2,600*	*2(1)*
None	*None*	*Owens Corning Fiberglas*	*18,700*	*4(3)*
		Chemicals		
1	3,000	Air Reduction	20,000	1(1)
3(1)	19,100	Air Products & Chemicals	None	None
3	29,000	Allied Chemical	43,100	3(1)
2	8,200	American Potash & Chemical	5,000	1(1)
6	23,380	Dow Chemical	None	None
1	250	Eastman Kodak	900	1(1)
5(1)	67,000	FMC Corp.	31,900	1(1)
5(1)	46,780	Grace & Co.	239,500	2(2)
4(1)	115,700	Hercules Powder	110,500	4
2(1)	46,000	Hooker Chemical	2,000	1
8(4)	146,640	Monsanto Chemical	43,454	2(2)
2	5,500	Olin Mathieson	1,000	1(1)
2	6,036	Rohm & Haas	2,400	2
5(2)	8,700	Union Carbide	700	1
None	*None*	*Bayer (F. M.) ADR*	*6,400*	*3(1)*
None	*None*	*Commercial Solvents*	*78,105*	*2(1)*
2	*3,000*	*du Pont (E. I.)*	*42,700*	*3(1)*
3	*32,600*	*Rayonier*	*40,956*	*4(1)*
		Containers		
2(1)	5,800	American Can	5,500	1
4(2)	70,900	Container Corp.	21,000	3(1)
None	*None*	*Continental Can*	*16,000*	*3*
		Cosmetics		
1	8,000	Beauty Counselors	5,000	1
3(1)	17,900	Revlon Inc.	None	None
None	*None*	*Avon Products*	*11,500*	*3(1)*
1	*2,900*	*Gillette*	*146,000*	*5(3)*
		Drug Products		
2(1)	2,700	American Home Products	None	None
2	3,800	Bristol-Myers	None	None
3	13,300	Merck	2,000	1
1	2,300	Miles Laboratories	14,100	1
5	26,500	Pfizer & Co.	None	None
2	2,100	Richardson-Merrell	10,000	1(1)
3(1)	1,400	Searle (G. D.) & Co.	3,600	1
3	8,500	Smith, Kline & French	39,500	3
2(2)	2,500	Syntex	5,000	1
3	15,000	Upjohn	8,000	2(1)
1	*38,800*	*Abbott Laboratories*	*11,400*	*2*
1	*1,600*	*Carter Products*	*13,000*	*2(1)*
None	*None*	*Mead, Johnson*	*32,500*	*2(1)*
None	*None*	*Norwich Pharmacal*	*79,900*	*5(3)*
None	*None*	*Parke, Davis & Co.*	*71,200*	*4(1)*
1	*3,000*	*Schering Corp.*	*46,300*	*4(1)*
1	*59,600*	*Sterling Drug*	*19,100*	*3(1)*
1(1)	*8,100*	*U. S. Vitamin & Pharmaceutical*	*8,000*	*2*
1	*100*	*Warner-Lambert*	*92,100*	*4(1)*

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
		Electronics and Electricals		
2	11,000	Ampex Corp.	50,000	1(1)
1	12,400	Cenco Instruments	1,200	1(1)
10(3)	46,300	General Electric	59,000	2
2	45,000	Glass-Tite Industries	None	None
3	11,300	Litton Industries	25,000	1
2(1)	10,000	Magnavox	19,000	2(1)
7(1)	92,800	Motorola	44,500	3(2)
3	24,900	Philips Lamp Works	42,210	2(1)
3	24,500	R. C. A.	53,100	3
2	4,900	Square D	None	None
2	7,200	Texas Instruments	7,219	2(1)
5	32,300	Westinghouse Electric	None	None
2(1)	28,500	Zenith Radio	None	None
1	*600*	*Beckman Instruments*	*18,500*	*3(2)*
None	*None*	*General Precision Equipment*	*70,400*	*2(1)*
None	*None*	*McGraw Edison*	*90,900*	*3*
None	*None*	*Siemans & Halske ADR*	*17,000*	*2(1)*
1	*1,900*	*Varian Associates*	*35,000*	*2(1)*
		Finance Companies		
2(1)	13,000	Financial Federation	31,250	1(1)
2	7,600	Great Western Financial	None	None
2	7,520	Household Finance	2,900	1
1	*4,100*	*Beneficial Finance*	*12,000*	*2(1)*
None	*None*	*C I T Financial*	*109,000*	*3(2)*
1	*2,500*	*First Charter Financial*	*23,150*	*2*
		Food Products		
2(1)	29,300	American Sugar	None	None
4	49,800	Armour & Co.	117,900	3(1)
2	12,000	California Packing	None	None
2	12,500	Kellogg Co.	9,800	1
2	24,500	United Fruit	None	None
3	17,300	Wilson & Co.	None	None
None	*None*	*Beatrice Foods*	*17,133*	*2(1)*
1	*1,700*	*Campbell Soup*	*16,200*	*4(3)*
		Glass		
3(1)	13,000	Corning Glass Works	3,000	1(1)
3	18,200	Owens-Illinois Glass	None	None
None	*None*	*Pittsburgh Plate Glass*	*30,000*	*2*
		Insurance—Fire & Casualty		
1	1,000	Continental Casualty	1,000	1
1	7,000	Firemans Fund Insurance	10,500	1(1)
2	8,500	Marsh & McLennan	None	None
1(1)	*20,000*	*Home Insurance*	*15,900*	*2(1)*
		Insurance—Life		
1	1,000	Connecticut General Life	1,000	1(1)
1	*1,000*	*Franklin Life Insurance*	*25,331*	*2*
1	*2,000*	*Travelers Insurance*	*3,200*	*2*
		Machinery and Industrial Equipment		
1	2,600	Black & Decker	300	1
3(1)	35,700	Clark Equipment	7,000	1
1	7,200	Combustion Engineering	12,000	1(1)
4	16,673	Emhart Mfg.	None	None
2	6,500	Halliburton	None	None
2	9,400	Ingersoll-Rand	None	None
3	6,400	Singer Co.	None	None
2	5,500	United Shoe Machinery	None	None
2(1)	4,500	Warner & Swasey	None	None
1	*30,000*	*Caterpillar Tractor*	*85,700*	*8*
None	*None*	*Dresser Industries*	*21,000*	*2*
		Metals and Mining—Aluminum		
8(1)	105,700	Aluminum Ltd.	1,000	1(1)
4(1)	90,300	Aluminum Co. of America	None	None
5(1)	94,800	Reynolds Metals	None	None
		Metals and Mining—Copper		
3(1)	67,600	Anaconda	None	None
2	5,000	Cerro Corp.	None	None
6(3)	35,400	Kennecott	None	None
1	5,000	Phelps Dodge	6,500	1
		Metals and Mining—Other		
2(1)	17,000	American Metal Climax	None	None
3	10,800	Freeport Sulphur	8,800	1
7	51,000	International Nickel	25,800	4(1)
3	137,000	National Lead	1,000	2(1)
None	*None*	*American Smelting & Refining*	*28,700*	*4(1)*
		Natural Gas		
2	55,500	American Natural Gas	None	None
3(1)	44,500	Panhandle Eastern Pipe Line	None	None
1	1,000	Southern Natural Gas	4,600	1
1	*5,000*	*Arkansas Louisiana Gas*	*87,400*	*4(3)*
		Office Equipment		
1	3,000	Addressograph	25,000	1(1)
15	41,850	I. B. M.	34,500	4
4	4,050	Minneapolis-Honeywell	1,200	1(1)
4	5,500	National Cash Register	66,900	2(1)
2(2)	186,700	Sperry Rand	46,534	2(2)
1(1)	*10,000*	*Control Data*	*28,000*	*3*
None	*None*	*Friden*	*27,300*	*2*
2(1)	*33,600*	*Xerox*	*33,500*	*6*

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Phila. Inv. Women's Dinner Meeting

PHILADELPHIA, Pa. — The Investment Women's Club of Philadelphia will hold their second dinner meeting at the Barclay on Monday, Nov. 18, 1963 with cocktails at 5:30 p.m. and Dinner at 6:30 p.m.

The program will feature the "Redevelopment of Society Hill" by Mr. Clarence Alhart, Deputy Director of Redevelopment. (Mr. Alhart will have a new set of slide of Society Hill to illustrate his talk.)

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Duke Power Company

Duke Power Company, with annual revenues of about $200 million, is one of the "rapid growth" utilities in the South. Kwh sales have more than doubled since 1953 and revenues gained about 89%. Earnings per share have increased without interruption from $1.36 in 1953 to an estimated $2.70 or more in calendar 1963; the average annual (compounded) rate of gain has exceeded 7%. Dividends have shown an even larger gain—from 77¢ in 1953 to a current rate of $1.80 —and if precedent is followed the rate may be increased again in January. The stock has advanced from a 1953 low of 14 to a 1962-3 high of 66.

Duke Power serves electricity through the Piedmont sections of North and South Carolina, a consolidated area comprising 50 counties with a population of over three million. Electricity accounts for 99% of revenues, water and transit service contributing the other 1%. Electricity is retailed in 214 communities and wholesaled to 34 others, as well as to rural coops serving 86,000 customers. Principal cities served in North Carolina include: Charlotte, Winston-Salem, Durham, Salisbury, Burlington, High Point, and Gastonia, N. C. Their counterparts in South Carolina are: Greenville, Spartanburg, Rock Hill and Anderson.

The three largest industries served by Duke Power are textiles, tobacco and furniture. Nearly half of all textile spindles in the U. S. are located in the service area, 60% of all tobacco products are manufactured there, and over 30% of all household furniture is designed and manufactured in local plants. However, a wide variety of other products, including those used in national defense and the space age program, are also being manufactured in the area.

The Piedmont area of the Carolinas is noted for its rapid industrial growth, a considerable number of textile companies having migrated from the North to this area which is known as the "Carolina Industrial Crescent." The area has the greatest population density of any similar-sized area in the southeast, but is largely rural and non-farm with no greatly congested areas. With adequate and cheap power, adequate transportation and a good labor market, the Piedmonts have prospered more than the national and state averages. In 1962 half of the industries coming into the Carolinas located in the area served by Duke Power; and of those making additions, 59% were in the company's service area. The economy of the Piedmonts was benefited by the investment of $215 million of industrial funds, with an increase of $63 million in annual payrolls, including those for nearly 19,000 additional exployees.

The company's residential rates are relatively quite low, averaging only 1.95¢ per kwh. in 1962 compared with a national average of 2.41¢. As a result, residential customers used an average of 5,636 kwh., or 38%, more than the national average. Rates were reduced Jan. 1, 1963, by about $665,000; while this should promote new usage, the temporary reduction in earnings (after income taxes) would approximate 3¢ a share.

System generating capacity is about 3.6 million kwh., of which 86% is steam generation and 14% hydro. A 263,000 kw. hydro plant (designed to operate during peak load) went into service in August this year. Construction of a large steam plant with 700,000 kw. capacity was begun last year and the first 350,000 kw. unit is expected to go into operation next March. In connection with its hydro developments the company has acquired substantial additional land, parts of which will be leased to the public for cottages or recreational purposes; there are already 30 such areas and 10 more are to be added. One such area containing 1,328 acres of wooded land with nearly nine miles of water front is being presented to the State of North Carolina for use as a public park, being named after the company.

The company has no financial problems. The equity ratio at the end of 1962 was 43%, having been allowed to "run down" from 54% in 1955 without substantial equity financing (there were small "rights" issues in 1956 and 1961 and some stock has been sold to employees). Bonds and bank loans, along with internal cash, have financed most of the construction in recent years. In 1962 the company spent about $61 million on plant facilities bringing the total for the five years 1958-62 to over $318 million.

The company had an excellent year in 1962, with kwh. sales up 11%. Sales to textile companies gained 8% and those to other industrial customers were up 9% after adjusting for the change from bi-monthly to monthly customer billing. Earnings per share were $2.51 vs. $2.27 in 1961; 1961 had included 12¢ due to the non-recurring billing charge referred to above and after this adjustment the net gain was 15%. Hydro production in excess of normal accounted for about 2¢ over 1962 earnings and 4¢ in 1961.

For the 12 months ended Sept. 30 earnings per share were $2.71 vs. $2.51; however, over half of this gain was accounted for by an increase in credit for interest on construction which was equivalent to about 30¢ a share for the recent 12 months period compared with 19¢ in the earlier 12 months.

The company's accounting policies are conservative. It does not use accelerated depreciation, hence there is no increase in earnings from the flow-through of tax savings which might be generated by the use of such accounting. Also the tax savings resulting from the 3% investment credit in 1962 were offset by equivalent charges to income, in the reported earnings.

The stock has been selling on the New York Stock Exchange recently around 65½, this year's range being 66-53½; it is one of the few utility stocks selling near the year's high. The yield based on the $1.80 dividend of 2.7% and the price-earnings ratio based on the latest earnings report is 24 (compared with an industry average around 21). Nearly 72% of the stock is held by the various Duke family interests.

Phila. Exchange Reports Growth

PHILADELPHIA, Pa.—Richard L. Newburger, Newburger & Co., President of the Philadelphia-Baltimore-Washington Stock Exchange, reported the continued growth of the Exchange in the current issue of P-B-WSE News.

Richard Newburger

Twelve memberships were transferred in the third quarter, including the first firms with home offices in Texas and New York State outside New York City: Brown, Allen & Co., Dallas, Texas and Billings Associates, Inc., Syracuse, New York.

11,142,616 shares of 12 corporations were authorized for listing and 63,354,000 shares of 12 corporations were admitted to unlisted trading privileges. This brings the year's totals to 38,000,000 and 90,737,000 shares respectively.

For the first nine months 11,457,321 shares were traded, an increase of 9% over 1962 for a dollar volume of $493,530,696.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Why Not A "C.I.B."* For Qualified Security Salesmen?

The life insurance business has adopted an intensive course of training and education for registered agents covering such important subjects as estate planning, taxes, the mechanics of the life insurance industry, laws, regulations, investments of life companies, and other of the most technical aspects of personal and business life insurance. Those who complete this course obtain a certification popularly known as C. L. U., or Chartered Life Underwriter. The course is rigorous and those who attain the coveted designation of C. L. U. are proud to attach it to their name.

If we are going to raise the standards of the profession of security salesmanship, sooner or later it will be imperative that a similar course of advanced training will be offered to the people who are striving to make a career out of selling securities. There are too many uninformed, poorly educated, and unqualified people engaged in the security business. The examination now required by the N.A.S.D. and the New York Stock Exchange are a belated, but worthwhile step forward, in eliminating dilettantes, opportunists, and otherwise unqualified individuals from the business. But there are literally thousands of people handling investment accounts today who have only a surface understanding of taxation, estate planning, and even the securities they are asked to recommend and analyze for their clients.

Not a Broad Generalization

There is a great opportunity for expanding the knowledge and the education of the people engaged, directly or indirectly, in selling securities to the public. How many people in the security business do you think could pass an examination that would require them to correctly explain the relationship between our gold supply, Federal Reserve bank deposits, commercial bank demand deposits, our balance of payments with foreign countries and the overall inflationary or deflationary results that would take place due to changes in Federal Reserve policy under a given set of circumstances?

How many are thoroughly conversant with the inheritance tax laws of their own state? How many are familiar with the effect of estate taxes under variable conditions such as those which would become effective under living trusts (non-revocable) and living trusts (revocable)?

How many could figure the income tax liability of an individual who made a gift to charity, at a certain age, with the income to be returned to him for life and the principal to go to charity upon his death?

How many can explain how yield to maturity is figured on discount bonds; or yield to call on premium bonds?

How many can explain how municipal bonds are bought and marketed, and the methods used by different types of accounts in pricing and distributing their bonds?

How many could take three life companies and analyze their operations back ten years, check out their operating earnings for each year, and go behind the figures in making a determination of which stock appeared to be the best value, and had the brightest market career ahead (based upon the past record and present operating procedures)?

But why fill pages and pages with such questions? The investment business is so complex, so vital to the welfare of the nation and the individual citizen, that it is a disgrace that with all the talk about "service to the public" that all many people think about when they hear that an individual is connected with an investment firm is to ask him, "What's Good?"

Time and again I have been asked what I do for a living and nearly always this is the kind of a comeback that I get. The other evening my wife and I were introduced, along with about ten other couples, to a religious group with which we had just made an affiliation. After a pleasant hour of listening to the many facilities that were at the disposal of new members, we were all asked to arise, introduce ourselves and state how we make a living. When it came my turn I gave my name and stated that I was with a member firm of the New York Stock Exchange. Sure enough, even in a house of worship, someone piped up, "What look's good?"

This is quite an image we have produced in the minds of the public . . . and it will stay with us as long as we put more stress on high speed tickers instead of learning that we are supposed to be engaged in the investment business. Did anyone in the back row say, "Ho Hum"? That's OK with me . . . that's what we have been saying for fifty years.

[John Dutton is the pen name of a registered representative employed by a large member firm of the N. Y. S. E.].

*C. I. B. stands for Certified Investment Broker.

Customers Brokers To Hold Meeting

The Association of Customers' Brokers will hold an educational meeting on "Special Situations" on Wednesday, Nov. 27, at 4 p.m., at 15 William Street. Speakers will be N. Leonard Jarvis, Hayden, Stone & Co. Incorporated; J. Harold Smith, Hirsch & Co.; and Dr. William I. La Tourette, Shearson, Hammill & Co.

Bosworth, Sullivan Adds

DENVER, Colo. — Robert F. Archibold and Spencer R. Cox have become associated with Bosworth, Sullivan & Co., Inc., 660 Seventeenth St., members of the New York and Midwest Stock Exchanges. Both were formerly with Peters, Writer & Christensen, Inc.

Funds' Buying Matched Selling as Market Soared

Continued from page 20

Fundamental Investors (40,000); and Investment Trust of Boston (13,500). Both funds also acquired St. Regis.

Public Utilities (Tel. & Tel.) Acquired

Continued strong demand for communication shares was experienced during the September quarter. The exceptionally good buying indicated in our previous survey continued in the following issues: ATT; General Telephone; and International Telephone & Telegraph. Massachusetts Investors was a big buyer in both ATT (20,000) and ITT (19,000). However a "Billion Dollar Fund" sold a huge block of "Mother Bell" (32,500). General Telephone, a *unanimous issue*, was newly purchased by Johnston Mutual (6,000). Additional commitments in the issue were made by Texas Fund (15,000); Selected American Shares (10,000); and Wisconsin (3,000).

Printing and Publishing Bought

Interest in this group remained slight, only two companies appearing in our analysis for the September quarter. Ginn & Co. was bought by T. Rowe Price (1,000); and Sovereign Investors (300). McGraw Hill was best bought by Incorporated Investors (33,200); and National Investors (14,800).

Radio-TV Liked

Primary attraction in this group during the September quarter was the heavy buying in Columbia Broadcasting. CBS was newly acquired by Texas Fund (10,000). It was also best liked by Fidelity (44,200) and Delaware Fund (20,000). Madison bought MCA Corp. newly (3,700).

Rails Continued in Demand

With a possible rail strike threat temporarily postponed, coupled with an improved earnings outlook, issues within this group continued to experience good buying during the September quarter. Best bought issues included Norfolk & Western, Louisville & Nashville and Union Pacific. Managements favoring rail issues included: Dreyfus, Eaton & Howard, Massachusetts Investors, and Shareholders Trust of Boston. Pennsylvania Railroad was heavily bought by the United Organization (250,000); and by Selected American Shares (40,000) newly.

Rubber Issues Roll

Rubber and tires, which had been actively sought during the earlier three months, continued to be popular in the September quarter. Goodyear, best bought issue, was newly acquired by State Street Investment (12,000); and American European Securities (5,500). Goodrich was also in demand, Diversified Investment purchasing (30,000) newly. Wellington, during its recent quarter, was also a new buyer in Goodrich (125,000).

Steels Again in Demand

Fund managers have now favored equities within this group for two successive quarters. Prior thereto a seemingly endless bearish attitude had been taken. Strengthening demand and firming prices (also increases), have improved prospects in the period ahead. Exceptionally good buying was indicated in the following issues: Armco; Inland; Jones & Laughlin; and McLouth. Only one issue, Granite City Steel, was sold on balance during the quarter. Managements favoring steel issues included Dreyfus, Selected American Shares, and Value Line.

Textiles Well Liked

This group continued to experience good buying during the September quarter. Burlington remained popular, and was newly bought by United Income (75,000); and by Incorporated Investors (26,300). Cluett Peabody, Kaysor Roth and Reeves Brothers also made rare appearances on the buying side.

Tobacco Issues Favored

With the cancer scare wearing somewhat thin, tobacco issues were actively sought during the September quarter. Best bought issue, Reynolds, was newly acquired by Value Line (2,500); and Adams Express (10,000). Dreyfus was top buyer in Reynolds (20,500).

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GROUPS MILDLY BOUGHT

Automotives and Auto Equipment Bought Mildly

Although auto production continues at high levels, demand for equities in this sector was not too strong in the September quarter, except in the case of Chrysler, which has recently announced a second stock split. On the other hand, selling predominated in Ford, and profit taking in General Motors was indicated. Chrysler was newly acquired by Institutional Growth (15,000); and T-V Electronics Fund (10,000). Other buyers in the issuer include Dreyfus (17,500); Fidelity (19,400); and Dominick (2,500). Ford, which met with heavy disfavor during the quarter, was sold by eight managements, including Wellington.

Containers Mildly Bought

In this group, American Can and Container Corp. were bought, while Continental Can was sold. Container Corp. was newly bought by Delaware Fund (50,000); and Institutional Growth (11,000).

Glass Issues Remain Selective

Once again Corning Glass was bought during the quarter, while Pittsburgh Plate Glass was being sold. The new buyer in Corning was Fidelity (5,000); while Dreyfus bought (7,000).

Natural Gas Improved

After experiencing a sold position during the previous quarter, natural gas equities met mild buying during the current survey. Best bought issue was a pipeline company, Panhandle Eastern. The issue was newly bought by Eaton & Howard (8,000). Arkansas Louisiana Gas remained in a sold position.

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INDUSTRIES MEETING MIXED REACTION

Beverages Turn Mixed

In the soft drink field, Pepsi-Cola remained on the buy side, while Coca-Cola was sold. The latter issue was eliminated by American European Securities (4,000); and sold by Dreyfus (2,100).

Cosmetics Present Mixed Picture

This group presented a mixed showing during the September quarter, after being mildly bought in the June period. Revlon attracted good buying, being newly acquired by Madison (15,000). Avon Products, during the same period, was eliminated by Madison (5,000). Gillette continues to be sold, and was eliminated by Fidelity (75,000); Investment Trust of Boston (13,000); and Putnam (8,000). Dreyfus remained a seller in this issue (25,100).

Drugs Turn Mixed

A drop in the popularity of drug issues during the September quarter was evident, as an overall mixed reaction was displayed. Good buying was indicated in Pfizer and Upjohn, while Norwich and Parke Davis were being sold. Syntex, a market favorite, was newly acquired by Managed Funds Incorporated (1,500); and Johnston Mutual (1,000).

Finance Issues in Balance

Finance issues were bought to a lesser extent than was the case during the June quarter, and much selling was evident in CIT Financial. This issue continued under heavy liquidating pressure and was eliminated by Fundamental Investors (100,000); and Wisconsin Fund (2,000). Dreyfus made a new purchase in Diner's Club (23,800), a credit card company.

Insurance Attracted Slight Interest

Very little interest was evinced in either the fire and casualty or life insurance issues during the September quarter.

Public Utilities Electric & Gas Mixed

Within the electric and gas issues, a mixed pattern during the September quarter was indicated. Consolidated Edison (N. Y.), Southern Co., and Sierra Pacific Power met with good buying. Selling pressure was witnessed in Detroit Edison, Southern California Edison, and Florida Power & Light. Sierra Pacific Power, a new favorite, was initially bought by Madison (27,000); Mutual Investment (12,000); and General Public Service (3,000).

Retailers Mixed

This group continued to display the mixed reaction exhibited during the June quarter. Best bought issue was Montgomery Ward, a *unanimous issue*. New commitments were made in this issue by State Street (10,000);

Continued on page 26

Liquid Assets vs. Security Holdings of 89 Investment Companies With Aggregate Net Assets of $17.5 Billion (9-30-63 vs. 6-30-63)

Security Transactions by the 89 Investment Companies During July-September, 1963

(In Thousands of Dollars)

	Net Cash & Governments† Thousands of Dollars —End of—		Net Cash & Governments† Percent of Net Assets —End of—		Investment Bonds and Pfd. Stocks Percent of Net Assets —End of—		Common Stocks Percent of Net Assets —End of—		Portfolio Securities Other than Governments		Of this: Portfolio Common Stocks	
	June	Sept.	June	Sept.	June	Sept.	June	Sept.	Total Purchases‡	Total Sales**	Total Purchases‡	Total Sales**
Open-End Balanced Funds:												
American Business Shares	b4,572	b4,940	b16.6	b17.7	b21.3	b19.5	b62.2	b62.8	372	791	372	791
Axe-Houghton Fund A	902	1,644	2.0	3.7	32.0	31.2	66.6	65.1	1,162	3,018	167	2,393
Axe-Houghton Fund B	13,798	2,568	7.0	1.2	27.2	32.9	65.8	64.9	11,673	8,267	5,937	7,156
Axe-Houghton Stock Fund	47	355	0.5	3.9	17.5	16.2	82.0	79.9	103	546	103	511
Axe Science & Electronics	123	1,305	0.6	6.2	15.3	7.1	84.1	86.7	697	1,836	697	1,836
Boston Fund	22,874	23,135	7.1	7.1	29.7	28.8	63.2	64.1	1,446	Nil	1,228	Nil
Broad Street Investing	3,075	2,547	1.1	0.9	7.5	7.3	91.4	91.8	6,084	4,808	4,427	3,569
Commonwealth Investment	3,676	4,212	2.2	2.5	32.7	32.5	65.1	65.0	9,916	10,647	2,576	3,728
Diversified Investment Fund	b1,973	b4,667	b1.8	b4.2	b33.7	b32.4	b64.3	b63.4	7,051	9,878	5,861	8,698
Dodge & Cox Fund	347	334	3.5	3.4	25.6	26.3	70.9	70.3	409	325	164	200
Eaton & Howard Balanced Fund	44,777	44,751	20.5	20.3	15.0	14.7	64.5	65.0	16,020	14,829	1,239	1,818
Fund of America	330	116	6.8	2.4	11.5	1.3	81.7	96.3	1,297	1,069	1,297	515
General Investors Trust	2,847	3,066	15.6	16.6	20.8	22.9	62.4	60.5	1,265	1,129	816	1,127
Group Securities—Fully Admin. Fund	234	1,650	1.4	9.1	30.3	29.3	68.3	61.6	262	1,018	163	914
Institutional Foundation Fund	2,942	2,850	4.2	4.0	26.6	26.5	69.2	69.5	3,342	3,111	3,342	3,111
Investors Mutual	84,315	103,438	4.0	4.8	34.2	32.3	61.8	62.9	204,439	156,224	54,139	30,790
Johnston Mutual Fund	2,809	2,663	8.4	7.8	16.9	15.5	74.7	76.7	2,020	1,491	1,705	859
Knickerbocker Fund	269	102	2.1	0.9	6.0	4.5	91.9	94.6	279	240	279	240
Loomis-Sayles Mutual Fund	25,259	31,790	23.6	28.3	12.1	11.8	64.3	59.9	7,638	10,238	3,330	8,407
Massachusetts Life Fund	5,927	7,170	6.2	7.1	30.4	30.2	63.4	62.7	4,746	2,226	2,836	1,468
Mutual Investment Fund	3,515	4,527	9.2	11.8	8.6	8.2	82.2	80.0	1,883	2,944	1,810	2,944
National Securities—Income	2,832	1,464	3.2	1.6	40.5	40.4	56.3	58.0	7,398	4,492	3,271	981
Nation-Wide Securities	6,437	8,267	12.0	15.0	28.2	24.4	59.8	60.6	2,569	1,952	2,569	1,952
Nelson Fund Inc.	204	----	5.0	----	20.1	20.6	74.9	79.4	350	115	350	115
New England Fund	6,155	5,681	29.1	27.5	8.3	9.6	62.7	62.9	675	310	675	310
Putnam (George) Fund	17,989	13,961	6.0	4.7	27.0	24.4	67.0	70.7	30,850	18,696	30,850	18,696
Scudder, Stevens & Clark Fund	12,434	12,246	12.4	12.2	19.6	16.8	68.0	71.0	6,481	3,379	1,960	729
Shareholders' Trust of Boston	5,449	3,636	7.6	5.0	27.7	27.3	64.7	67.7	5,261	2,659	5,261	2,612
Stein Roe & Farnham Balanced Fund	15,474	10,078	18.1	17.6	17.9	16.8	64.0	65.6	5,616	3,014	989	Nil
Value Line Fund	3,378	4,611	30.2	36.2	2.7	2.5	67.1	61.3	1,601	2,373	1,601	2,373
Value Line Income Fund	2,366	2,660	2.7	3.0	44.8	42.0	52.5	55.0	7,634	7,347	7,381	5,080
Wellington Fund	173,817	254,416	11.3	15.9	23.5	23.7	65.2	60.4	73,268	127,622	66,301	119,853
Whitehall Fund	962	298	6.4	1.9	43.4	45.9	50.4	52.2	1,458	919	245	441
Sub-Total Open-End Bal. Funds	471,509	565,148	9.0	9.2	21.8	22.1	69.2	68.7	425,265	407,513	213,941	234,217
Open-End Stock Funds:												
Aberdeen Fund	1,085	1,234	4.3	4.6	None	None	95.7	95.4	1,849	1,469	1,849	1,469
Affiliated Fund	a84,517	a88,023	a9.8	a10.2	a None	a None	a90.2	a89.8	27,589	16,717	27,589	16,717
Blue Ridge Mutual Fund	1,159	2,904	3.2	8.0	6.8	2.0	90.0	90.0	891	846	891	483
Bullock Fund	6,109	6,720	7.6	7.9	None	None	92.4	92.1	5,399	4,476	5,399	4,476
Chemical Fund	3,950	6,826	1.6	2.4	1.3	1.8	96.9	95.8	1,340	7,206	1,340	7,260
Delaware Fund	6,259	5,938	4.3	4.0	2.7	2.2	93.0	93.8	27,874	25,191	27,391	24,858
de Vegh Mutual Fund	359	1,263	2.2	6.3	None	0.7	98.8	93.0	3,669	5,804	3,524	5,797
Dividend Shares	22,167	23,147	6.8	6.9	None	None	93.2	93.1	2,693	3,415	2,693	3,415
Dreyfus Fund	18,291	24,743	4.1	5.2	0.6	0.5	95.3	94.3	45,000	30,000	45,000	30,000
Eaton & Howard Stock Fund	14,731	12,260	7.4	6.1	None	None	92.6	93.9	12,893	13,542	5,963	3,542
Energy Fund	766	1,393	2.4	4.3	0.1	0.1	97.5	95.6	2,884	3,541	2,884	3,541
Fidelity Fund	7,717	16,784	2.5	3.6	2.2	2.8	95.3	93.6	44,352	48,608	44,352	48,608
Fundamental Investors	11,505	9,518	1.6	1.3	None	None	98.4	98.7	23,693	18,091	23,693	18,091
Group Securities—Com. Stock Fund	1,576	2,896	0.9	1.5	None	None	99.1	98.5	4,680	3,522	4,680	3,522
Guardian Mutual Fund	1,869	2,145	9.3	10.1	0.9	0.8	88.2	89.1	3,152	2,284	3,152	2,284
Incorporated Investors	13,014	17,276	4.9	6.5	None	None	95.1	93.5	5,645	15,989	5,645	15,989
Institutional Investors Mutual Fund	3,603	2,805	3.8	2.8	None	None	96.2	97.2	7,105	2,903	7,105	2,903
Investment Co. of America	40,061	29,313	12.5	10.3	1.9	1.8	85.6	87.9	21,672	15,829	21,219	13,458
Investment Trust of Boston	1,331	565	1.8	0.8	None	None	98.2	99.2	3,988	4,332	3,988	4,332
Lazard Fund	13,148	12,653	12.2	11.5	None	None	87.8	86.8	4,593	5,885	4,593	5,885
Massachusetts Investors Trust	32,875	34,012	1.9	2.0	None	None	98.1	98.0	16,316	19,790	16,316	19,790
Massachusetts Investors Growth Stock	3,550	25,637	0.6	4.4	None	None	99.4	95.6	9,906	15,486	9,906	15,486
National Investors	4,546	5,130	1.4	1.4	None	None	98.6	98.6	11,882	6,312	11,882	6,312
National Securities—Stock	2,617	3,582	1.2	1.6	None	None	98.8	98.4	7,067	4,956	7,067	4,956
One William Street	23,602	16,517	9.4	6.6	1.6	1.7	89.0	91.7	13,985	13,654	13,984	13,654
Pine Street Fund	3,889	2,064	12.5	6.7	4.8	4.5	82.7	87.9	4,156	2,414	3,856	2,314
Pioneer Fund	1,333	854	2.4	1.5	10.7	11.3	86.9	87.2	3,493	2,408	3,493	2,408
Price (T. Rowe) Growth Stock	5,659	5,122	5.0	5.3	1.7	0.5	93.3	94.2	8,506	4,766	8,506	4,766
Scudder, Stevens & Clark—Com. Stk.	1,622	832	2.7	1.3	None	None	97.3	98.7	2,527	33	2,527	24
Selected American Shares	9,142	9,801	7.5	7.9	None	None	92.5	92.1	13,459	14,046	13,459	14,046
Sovereign Investors	30	24	0.7	0.6	3.4	3.2	95.9	96.2	155	169	155	169
State Street Investment	21,608	33,180	9.6	14.4	0.6	0.6	89.8	85.0	4,374	17,050	4,374	16,824
Stein Roe & Farnham Stock Fund	1,981	1,497	5.3	3.8	None	None	94.7	96.2	1,698	414	1,698	414
Television Electronics Fund	39,046	43,682	10.4	11.7	4.1	4.6	86.0	83.8	11,576	22,919	8,769	21,584
Texas Fund	3,700	4,819	6.4	7.2	2.4	0.5	93.4	92.3	2,001	1,404	2,001	1,404
United Accumulative Fund	38,398	44,007	5.5	6.1	3.3	3.1	91.2	90.8	68,945	50,813	35,468	23,831
United Income Fund	12,982	14,574	3.1	3.2	4.6	4.2	92.2	92.5	45,038	26,155	27,559	11,022
United Science Fund	14,202	18,019	7.4	7.8	None	None	92.6	92.2	35,366	43,467	23,861	27,029
Value Line Special Situations	93	65	0.5	0.4	12.4	9.5	87.1	90.1	1,303	1,669	1,303	1,250
Wall Street Investing	187	541	1.5	4.0	15.7	14.8	82.8	81.2	260	583	260	583
Wisconsin Fund	731	282	3.5	1.3	1.3	0.8	95.2	97.9	1,602	1,121	1,602	1,013
Sub-Total Open-End Stock Funds	475,005	532,647	5.1	5.2	1.8	1.8	93.1	93.0	514,576	498,919	440,996	405,509
Total Open-End Funds	946,514	1,097,795	7.1	7.2	11.8	11.9	81.1	80.9	939,841	906,432	654,937	639,726
Closed-End Companies:												
Abacus Fund	1,512	1,017	3.0	2.5	None	None	97.0	96.5	1,577	1,176	1,577	1,176
Adams Express	6,155	6,867	6.0	6.7	0.5	0.8	93.5	92.5	706	1,749	706	1,744
American European Securities	3,003	3,078	14.4	14.0	None	None	85.3	86.0	1,185	1,063	1,185	1,063
American International	4,703	4,876	10.4	10.7	0.9	1.5	88.7	87.8	749	1,227	749	1,227
Carriers & General	1,810	2,231	9.4	11.2	1.1	1.1	89.5	87.7	214	613	214	613
Consolidated Investment Trust	1,238	1,432	1.7	1.9	None	None	98.3	98.1	276	500	81	304
Dominick Fund	1,734	2,391	4.2	5.7	1.6	1.6	94.2	92.8	1,552	2,220	1,552	2,220
General American Investors	4,617	5,392	7.7	8.1	4.1	4.4	90.2	87.5	1,316	1,830	1,316	1,830
General Public Service	11,900	10,472	14.6	12.6	1.6	1.5	83.8	85.9	4,104	2,235	4,104	2,235
Lehman Corp.	21,431	21,441	6.4	6.2	0.7	0.6	92.9	93.2	3,992	3,878	3,992	3,878
Madison Fund	9,348	10,200	6.1	6.5	0.4	0.3	93.5	93.2	23,432	23,340	23,238	23,218
Niagara Share	3,813	2,409	5.2	3.2	0.2	0.2	94.6	96.6	2,084	1,330	2,084	1,330
Overseas Securities	----	----	----	----	10.3	14.3	89.7	85.7	892	950	892	950
Tri-Continental	2,296	5,009	0.5	1.5	9.1	8.1	90.4	90.9	8,191	10,142	5,279	6,472
U. S. & Foreign Securities	9,011	9,285	7.5	7.5	None	None	92.5	92.5	204	1,119	204	1,119
Total Closed-End Companies	82,571	86,100	6.5	6.6	2.2	2.3	91.3	91.1	50,074	53,367	47,173	49,379
Grand Total	1,029,085	1,183,895	6.9	7.0	8.6	8.7	84.5	84.3	989,915	959,799	702,110	689,105

†Includes corporate short-term notes where so included by reporting fund. a For April 30-July 31 period. b For May 31-Aug. 31 period. ‡Cost of purchases. **Proceeds from sale. Above data newly includes Television Electronics Fund Inc. & excludes United Continental Fund which merged with United Science & Electronics Fund during the quarter.

LIQUID ASSET CHANGES OF 89 INVESTMENT COMPANIES
Sept. 30, 1963 vs. June 30, 1963

	Plus	Minus	Approx. Unchngd.	Total
OPEN-END COMPANIES: Balanced Funds	17	11	5	33
Stock Funds	25	14	2	41
CLOSED-END COMPANIES	10	3	2	15
Totals	52	28	9	89

— SUMMARY —

PERCENTAGE ALLOCATION OF NET ASSETS OF 89 INVESTMENT COMPANIES

	June 30, 1963	Sept. 30, 1963
Liquid Assets (Cash, Governments, etc.)	6.9%	7.0%
Defensive Securities (Bonds and Preferreds)	8.6	8.7
Risk Securities (Common Stocks)	84.5	84.3
Totals	100.0%	100.0%

Continued from page 21

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
		Oil		
3	11,000	Cities Service	65,000	2(1)
1	1,000	Getty Oil	30,000	1
14(2)	162,920	Gulf Oil	282,000	3
2	2,300	Phillips Petroleum	20,000	1(1)
9	91,400	Royal Dutch	120,000	4
2(1)	245,500	Shell Oil	14,000	1(1)
2(2)	10,500	Sinclair Oil	24,700	2(1)
4(1)	50,200	Socony-Mobil	1,000	1
1(1)	5,600	Standard Oil—Ohio	7,100	1(1)
10	156,330	Standard Oil—N. J.	138,100	4
2(1)	22,700	Union Oil California	None	None
2(1)	*3,100*	*Amerada Petroleum*	*63,000*	*8(1)*
1	*17,000*	*Ashland Oil & Refining*	*18,400*	*2(1)*
1	*4,500*	*Continental Oil*	*30,800*	*2(1)*
None	*None*	*Delhi Taylor Oil*	*59,200*	*3(1)*
None	*None*	*Hudson Bay Oil & Gas*	*40,000*	*2(1)*
None	*None*	*Louisiana Land & Exploration*	*5,500*	*2*
None	*None*	*Marathon Oil*	*21,700*	*3(1)*
1(1)	*20,000*	*Richfield Oil*	*50,800*	*2*
None	*None*	*Signal Oil & Gas*	*7,200*	*2*
2(1)	*16,500*	*Skelly Oil*	*168,300*	*4(3)*
None	*None*	*Standard Oil—California*	*204,200*	*5(1)*
None	*None*	*Standard Oil—Indiana*	*164,700*	*5(2)*
1(1)	*50,000*	*Sunray DX Oil*	*72,700*	*5*
3	*20,000*	*Texaco*	*17,800*	*4*
		Paper and Paper Products		
3	36,500	Champion Papers	7,800	1(1)
1	2,000	Federal Paper Board	23,600	1
4	55,500	International Paper	6,900	2
1	4,200	Kimberly Clark	1,500	1
3(1)	26,300	Mead Corp.	6,800	1
2(1)	16,000	Scott Paper	9,000	1
4(1)	155,100	St. Regis Paper	1,030	1
2(2)	65,000	West Virginia Pulp & Paper	6,100	1
None	*None*	*Fibreboard Paper Products*	*24,900*	*2(1)*
		Public Utilities—Telephone & Telegraph		
7	34,400	American Tel. & Tel.	48,500	6(3)
5(1)	45,000	General Tel. & Electronics	None	None
9	103,500	International Tel. & Tel.	30,000	1(1)
		Public Utilities—Electric and Gas		
1(1)	3,100	Arizona Public Service	6,900	1
2(1)	5,700	Baltimore Gas & Electric	None	None
2(1)	60,000	Commonwealth Edison	None	None
4(2)	37,033	Consolidated Edison (N. Y.)	None	None
2(1)	15,200	Florida Power Corp.	None	None
2(1)	18,500	General Public Service	None	None
1	1,000	Gulf States Utilities	4,800	2(1)
2(1)	12,100	Kansas Power & Light	None	None
2(1)	12,500	Oklahoma Gas & Electric	None	None
1	10,000	Pacific Lighting	5,000	1(1)
2	12,000	Pacific Gas & Electric	780	1
2	7,600	Public Service Elec & Gas	None	None
2(1)	43,200	San Diego Gas & Electric	4,000	1
3(3)	42,000	Sierra Pacific Power	None	None
5	27,500	Southern Co.	5,000	1
2(1)	16,500	Utah Power & Light	None	None
3(1)	15,000	Virginia Elec. & Power	None	None
None	*None*	*American Electric Power*	*16,900*	*2*
1	*49,500*	*Cleveland Elec. Illuminating*	*21,000*	*2(1)*
2	*8,000*	*Detroit Edison*	*31,000*	*3*
None	*None*	*Duke Power*	*58,000*	*2(1)*
3	*6,500*	*Florida Power & Light*	*18,900*	*5(2)*
None	*None*	*Houston Lighting & Power*	*12,400*	*2*
None	*None*	*N. Y. State Elec. & Gas*	*4,300*	*2*
None	*None*	*Potomac Electric*	*34,200*	*2(2)*
1	*30,000*	*Public Service of Colorado*	*32,100*	*2(1)*
1	*2,900*	*Southern California Edison*	*63,900*	*5(2)*
1	*2,000*	*Texas Utilities*	*60,000*	*2*
None	*None*	*Toledo Edison*	*24,000*	*2(1)*

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
		Printing and Publishing		
2	1,300	Ginn & Co.	None	None
4	50,100	McGraw-Hill Publishing	106,000	1(1)
		Radio, Television and Movies		
2	23,000	American Broadcast.-Paramount	None	None
10(1)	105,000	Columbia Broadcasting System	4,700	2
3(1)	19,700	MCA Corp.	None	None
		Rail Equipment		
3(1)	25,000	ACF Industries	4,000	1
None	*None*	*Pullman*	*25,000*	*2*
		Railroads		
2(2)	40,100	Atlantic Coast Line RR.	36,000	1
2(2)	18,000	Chesapeake & Ohio	None	None
1	8,000	Denver & Rio Grande Western	35,500	1
3(1)	21,500	Illinois Central Industries	25,700	3(1)
3(2)	50,900	Louisville & Nashville	10,000	1
1	20,000	N. Y. Central	2,000	1
1(1)	20,000	N. Y. Chicago & St. Louis	16,600	1(1)
3	83,700	Norfolk & Western	17,500	3
2(1)	5,500	Northern Pacific	None	None
3(2)	350,000	Pennsylvania Railroad	None	None
2	10,000	Seaboard Airline RR.	13,000	2(1)
4	27,600	Union Pacific	16,500	1
None	*None*	*Atchison, Topeka & Santa Fe*	*149,000*	*3(1)*
3	*90,000*	*Southern Pacific*	*123,200*	*6(4)*
3(1)	*2,300*	*Southern Railway*	*143,800*	*5(2)*
		Retail Trade		
1	5,600	Associated Dry Goods	10,000	1
1	1,000	Gimble Bros.	5,000	1
3(2)	78,000	Korvette (E. J.)	5,000	1(1)
6(3)	40,000	Montgomery Ward	None	None
None	*None*	*Penney (J. C.) Co.*	*133,800*	*4(2)*
2	*6,500*	*Sears Roebuck*	*20,300*	*3*
1	*30,000*	*Spiegel*	*33,000*	*2(2)*
		Rubber and Tire		
2	16,000	Firestone	65,740	2
1	17,000	General Tire	27,100	1
4(3)	165,500	Goodrich (B. F.)	23,700	1
7(2)	159,300	Goodyear	104,500	3
None	*None*	*U. S. Rubber*	*23,000*	*3(2)*
		Steel and Iron		
5(3)	55,200	Armco Steel	28,000	2(2)
2	10,100	Carpenter Steel	None	None
4(1)	27,000	Inland Steel	7,700	1(1)
4	49,000	Jones & Laughlin	None	None
4(2)	45,100	McLouth Steel	None	None
3(1)	54,600	National Steel	41,800	3(1)
1	2,000	Republic Steel	49,900	1(1)
6(1)	46,500	U. S. Steel	104,200	3(2)
4(1)	32,000	Youngstown Sheet & Tube	12,000	1(1)
None	*None*	*Granite City Steel*	*42,800*	*2(2)*
		Textile and Rayon		
2(1)	11,700	American Enka	None	None
7(2)	239,300	Burlington Industries	64,200	3(1)
3(1)	16,300	Celanese Corp.	4,000	1
2	12,500	Cluett Peabody	None	None
3(1)	159,800	Kayser Roth	None	None
2(2)	47,500	Reeves Bros.	None	None
2	51,800	Stevens J. P. & Co.	None	None
		Tobacco		
2(1)	35,000	American Tobacco	None	None
2(2)	25,000	Consolidated Cigar	4,500	1
1	2,000	Lorillard P.	12,200	1
2	5,000	Philip Morris	10,000	1(1)
6(3)	50,500	Reynolds	125,000	1(1)
		Miscellaneous		
1	1,000	Automatic Retailer of America	2,500	1(1)
5(4)	75,700	A. V. C. Corp.	3,000	1
2	40,300	Colgate Palmolive	500	1
2	9,650	Gevaert Photo	3,600	1
4(1)	30,000	Hertz Corp.	12,500	1(1)
1	16,500	International Flavors & Frag.	5,100	1
5	55,100	Minnesota Mining & Mfg.	55,900	2
2	7,100	Roadway Express	None	None
2	27,500	Unilever N. V.	28,000	2
1	4,000	U. S. Freight	23,400	1
3	47,200	Whirlpool Corp.	None	None
1	*3,700*	*General Cable*	*12,000*	*2*
1	*13,400*	*Polaroid Corp.*	*13,700*	*5*

The foregoing tabulation also includes transactions by 11 investment companies (under 7 additional managements) in addition to those shown in our tabulation "Balance Between Cash and Investments."

Purchases and sales by Affiliated Fund included above and in our article are for the July Quarter 1963; those of American Business Shares, Fidelity Capital Fund, and Wellington are for the August 1963 quarter.

E. Schimmel Joins Brand, Grumet, Siegel

Erwin Schimmel has become associated with Brand, Grumet & Seigel, Inc., 67 Broad Street, New York City, members of the New York Stock Exchange, as Assistant Director of Research.

Funds' Buying Matched Selling as Market Soared

Continued from page 23

Federal Street Fund (5,000); and Wall Street Investing (3,000).

* * *

TRANSACTIONS IN THE DISFAVORED GROUPS

Oil Issues Sold

Petroleum issues had been market leaders for well over a year, so the profit taking that took place in the September quarter was hardly surprising. However, domestic oil issues were liquidated more determinedly than were the international companies.

Best bought issue was Gulf Oil, the second most popular of all issues during the recent quarter. New commitments in this issue were made by Bullock (20,000); and Nation - Wide Securities (12,000). Other bid block purchases were made by Dreyfus (37,000); Delaware (25,000); and One William Street (20,000). Good buying was also seen in Royal Dutch and Standard Oil (N. J.). Heavily liquidated were many "sell out candidates," where possibly holders have lost patience. This fact may have been influential in the following sold issues: Amerada, Delhi Taylor, Skelly, Sunray D-X.

* * *

MISCELLANEOUS ISSUES

Among the companies which it is inappropriate to categorize industry-wise, better buying was experienced in Hertz Corp., Minnesota Mining and Whirlpool. Despite the enthusiasm shown for its new color camera, Polaroid Corp., was under selling pressure.

INTEREST IN FOREIGN ISSUES DORMANT

Interest in foreign issues during the September quarter may be classified as largely "dormant." However, some attention continued to be directed to gold shares. This was particularly evident in the case of Blyvooruitzicht Gold, Cyprus Mines and Giant Yellowknife Mines.

EUROFUND, the closed-end investment company limited by its charter to cash or European Securities, issued the following tabulation of interest *as of Sept. 30, 1963.*

EUROFUND'S 10 LARGEST HOLDINGS BY MARKET VALUE

Rank	Company
1	R.W.E.
2	A.E.G.
3	Siemens & Halske
4	Farben-Bayer
5	Zwanenberg-Organon
6	Philips
7	Neckermann
8	Hoechst
9	Ciments Lafarge
10	August Thyssen-Hutte

DISTRIBUTION OF FOREIGN INVESTMENTS

Country	Percentage 9-30	6-30
Belgium	10.5	8.3
France	17.9	15.1
Germany	26.1	24.5
Italy	17.3	18.8
Netherlands	16.2	17.1
Spain	4.4	4.4
Switzerland	0.5	0.6
United Kingdom	7.1	11.2

Industry Plans Record Capital Spending in 1964

McGraw-Hill annual survey finds industry as a whole plans to increase plant-equipment spending 4% in 1964 over 1963. Manufacturers, in particular, have scheduled an 8% rise and were operating at 85% capacity last September — the highest since end of 1959.

U. S. industry now plans to spend a record $40.7 billion next year for new plants and equipment—a 4% increase over 1963. Also, business now plans to spend $39.3 billion in 1965.

These are the major findings of the annual Fall survey of Business' Plans for New Plants and Equipment conducted by the McGraw-Hill Publishing Company's Economics Department.

Commenting on the survey, Douglas Greenwald, Chief Economist, Publications Division, stated:

"The level of capital spending currently indicated for the next two years again points to the remarkable stability which has characterized capi al spending since 1959. While not indicating a boom, neither will it be a drag on the economy, as some have feared. It indicates also that despite expected record profits and depreciation allowances, American industry at present is moving forward with caution in its investment planning. Some companies, commenting on their figures, indicated they would lift investment if a tax cut were passed."

The manufacturing segment of U. S. industry, as a whole, expects to increase its capital investment next year by 8%. If these plans are carried out, this would put manufacturers' 1964 spending at nearly $17 billion. It would also be the first time that manufacturers will have managed to surpass the record amount spent in 1957.

Steel Industry to Set Pace

Except for the transportation equipment industry, all major manufacturing industries plan to spend at least as much in 1964 as in 1963, and many plan to spend considerably more with the steel industry far outpacing all others.

The steel industry plans to increase its capital investment by 50% next year, and already has plans to spend $1.15 billion in 1965. The paper industry also expects a substantial increase in investment amounting to 22% over this year.

The auto industry's investment finally will top the $1 billion mark in 1964, after having spent less than $1 billion annually since completion of its major expansion program in 1957.

Smaller gains are indicated in other industries ranging from a 7% increase in chemicals to no change in rubber and stone, clay and glass.

Pattern Varies in Non-Manufacturing Industries

The pattern of investment is more varied in the non-manufacturing industries. The railroads, which spent over $1 billion in 1963, and which react more sharply to changing economic conditions than most other industries, now expect their expenditures to drop off 14%. Plans for 1965 are down from the 1964 level.

Commercial business indicates that investment will be 2% lower in 1964 than this year. All major categories—banks, insurance companies and large chain and department stores — indicate a decline in their capital spending plans for next year.

On the other hand, electric and gas utilities both expect investment to rise next year. Investment by the utilities will top $6 billion next year and remain at this level in 1965.

In transportation other than rail, the airlines are again planning to boost investment. Higher levels of investment also are indicated for pipelines, shipping and buses. Only the trucking industry indicated a dip.

In mining, while oil-well drillers and non-metallic miners expect to spend about the same next year as this, the coal industry reports a significant rise in investment. Iron ore and non-ferrous mining companies now indicate a cut in spending plans for next year.

Operating Rates Rise

Turning to manufacturing production operating rates, the survey found they have moved up since the end of last year. Manufacturers as a whole were operating at 85% of capacity during September.

This is two points above the 1962 year-end rate and the highest figure reported in these surveys since the end of 1959. But it was seven points below the rate at which manufacturers as a whole prefer to operate.

The survey also found that manufacturers as a whole expect to increase unit sales next year at about the same rate as they did this year, and this year's increase was a good one by most measures. On the whole, they expect their physical volume to rise 5% next year. With some modest price increases, the rise in dollar sales would be even greater.

Chicago Analysts To Hear

CHICAGO, Ill.—Justin Dart, President of Rexall Drug & Chemical Company, will be guest speaker at the luncheon meeting of the Investment Analysts Society of Chicago to be held today (Nov. 14) at the Bismarck Hotel.

American Potash & Chemical will be the subject of the Nov. 21 meeting and Aluminum Company of America of the Dec. 5 meeting.

Epstein V.-P. of Golkin, Bomback & Co.

Alvin B. Epstein has been elected a Vice-President of Golkin, Bomback & Co., Inc., 67 Broad Street, New York City, members of the New York Stock Exchange.

Income Tax Pointers in the Present Security Market

Continued from page 3

returns, if not previously absorbed by profits.

Losses are always figured in full whether under-six-month or over. The tax savings from losses can run as high as 91%. Suppose, for example, Jones is in the 91% bracket, and that in 1963 he takes a $1,000 under-six-month profit. His tax on that $1,000 will be $910. However, if he also takes a $1,000 loss on securities, whether over-six-month or under, that will exactly offset the $1,000 profit, and wipe out the $910 tax. In other words, the $1,000 loss saves Jones 91% in tax, or $910.

Stock of a small business investment company gets special treatment. Although gain on a sale is capital gain, a loss is deductible from ordinary income. That is so whether or not the small business investment company stock was originally issued to the investor. This provision with respect to losses can benefit an investor up to 91%.

Why Is The Six-Month Line So Important?

There is an obvious advantage in taking profits after a six-month holding. The tax rate then ranges from as little as 10% to a maximum of 25%. Before six months, the range is from 20% to 91%.

The six-month line also needs watching on losses, to make sure they offset the heaviest taxed profits. For eample, suppose Jones has $2,000 of under-six-month profits and $2,000 of over-six-month profits. He also has an open loss of $2,000 on newly bought securities. If he waits to take the loss until after the six-month line has been passed, he must apply it against the $2,000 of over-six-month profits. That leaves him with the $2,000 of under-six-month profits to report. If he had taken his loss before the six-month period had run, it would have been applied against the $2,000 of under-six-month profits. That would have left him with the $2,000 of over-six-month profits, of which only $1,000 need be reported (with a maximum tax of $500), compared with $2,000 of regular income the other way around (with a maximum tax of $1,820).

All this means alertness throughout the year. To wait until the end of the year, as is so frequently done, may let the six-month date line slip by.

Does It Pay To Spread Trades Between Years?

Where there are over-six-month profits and no under-six-month profits, it is an advantage to take losses in a different year from the profits. For example, suppose Jones has $2,000 of open over-six-month profits and $2,000 of open losses. If he takes both in 1963 the net result is zero.

If he takes the $2,000 losses in 1963 and the $2,000 profits in 1964, he is ahead of the game by a $500 deduction. It is figured this way: For 1963 the $2,000 losses give him a $1,000 deduction and $1,000 to carry forward into 1964. This second $1,000 is applied against the $2,000 of over-six-month profits in 1964 making a net profit for 1964 of $1,000, one-half of which, or $500, is reportable. Jones, therefore, has a $1,000 deduction in 1963 and $500 income in 1964, or a net deduction for both years of $500.

Jones' best bet, however, is to switch the thing the other way around and take the $2,000 over-six-month profits in 1963 and to take $2,000 losses in 1964. By doing this, he reports in 1963 one-half the $2,000 profits, or $1,000. In 1964 he has a deduction of $1,000 of the $2,000 of losses. In 1965 he can deduct the remaining $1,000 of the $2,000 losses. The net effect for the three years is a deduction of $1,000, whereas taking the losses first resulted in a net deduction of only $500, and taking the profits and losses in the same year was merely a stand-off.

How Can Short Sales Be Used To Advantage

Through a short sale it is possible to shift profits or losses from 1963 to 1964, or for that matter indefenitely. This is because of the rule that no gain or loss need be reported on a short sale until the short position is actually closed out.

Here is how the shift is accomplished: Jones has in his box 100 shares of stock that he bought in August, 1963 at 60. In December, 1963, or four months later, the market is 85. He is leery about the future of the market and wants to freeze the $2,500 profit. He goes short the stock with his broker in December. He holds off covering the short sale until sometime in 1964. That takes it out of his 1963 return and puts it in 1964.

No matter when Jones covers, it is an under-six-month profit, because when he went short he owned the same stock for less than six months. If when he went short he owned the stock more than six months, the profit on the close-out of the short position is an over-six-month profit.

How Are Dividends Treated?

Dividends are treated as regular income, but also get two special tax benefits. They are:

(1) The first $50 of dividends from American companies are completely exempt from tax. If a husband and wife each have stock of their own, or own stock jointly, the $50 exemption applies to each of them. That means $100 in total for both, whether they file separate or combined returns.

(2) On the remainder of the dividends, after the tax is figured in the regular way, the tax is then reduced by 4% of the amount of all dividends received from American companies. This reduction in tax cannot be more than 4% of the year's net taxable income.

What About Dividends From Mutuals?

Regulated investment companies (mutuals) frequently pay all their capital gains as dividends. The stockholders report them as long-term capital gains and not as fully taxable dividends. Some companies hold back the capital gains physically and pay the tax on them. They make a theoretical distribution at the end of the year. This means the stockholders have to report their share of the undistributed long-term gains. On the other hand the stockholder reduces his tax by 25% of the amount of the gain included. In addition, the stockholder figures the cost of his investment in the company to be increased by the remaining 75% of the capital gain.

How Can Dividends And Interest Be Converted Into Capital Gains?

Because of the 25% tax limit on over-six-month profits, it is natural for people in high brackets to try to get that sort of profit rather than regular income. Here is a way to accomplish this: Suppose Jones, in the 91% bracket, has 100 shares of over-six-month preferred stock that costs him $100 a share. The stock is now worth $160 a share because of an accumulation of $60 of dividends which are about to be cleaned up. If he receives the $6,000 of dividends, he will have to part with 91% or $5,460, less $240 (4% of $6,000), or $5,220.

However, by selling the stock at 160 before the ex-dividend date (that is, at least four full business days before the dividend "record" date), he gets the same $6,000, but it is now in the form of profit from the sale of over-six-month stock. His tax on the $6,000 is therefore only 25% or $1,500, instead of $5,220—a savings of $3,720. If he still wants to maintain his position in the preferred stock, he can step right back into the market after the dividend date and buy 100 shares. That puts him back where he started stock-wise, but ahead of the game by $3,720 tax-wise.

How Are Wash Sales Treated?

If an investor sells stock at a profit, and then buys the stock right back, the profit is taxed. Not so with losses. There is a rule that says no loss will be allowed on a sale, if, within thirty days before or after the sale, substantially the same security is bought. This is known as a wash sale. The tax effect is as if the sale never took place.

How Can Securities Be Identified?

Suppose Jones buys 100 shares of stock in 1961 at 70, and another 100 in 1962 at 80. In 1963 he sells 100 at 75. Does he have a five point profit or a five point loss? Or is he even? It all depends. If he delivers the 1962 certificate costing 80, he has a five point loss. If he delivers the 1961 certificate costing 70, he has a five point profit, or he can deliver half of each purchase and come out even. He can make his own selection of certificates, and so he can control whether to have a profit, a loss, or a break-even result.

The same result holds good if he instructs his broker at the time of the sale specifying that he wants to sell the 1961 block or the 1962 block. His instructions can be oral and will control, but he must get a written acknowledgement.

If he says nothing and the certificates cannot be identified, the rule is that the 1961 block is sold first, because it was bought first.

What Are The Rules On Commissions And Other Expenses?

Purchase commissions are additions to the cost of securities, and sales commissions are deductions from their sales price. Commissions therefore affect only the profit or loss on a sale. State transfer taxes can be taken as a regular deduction. It is an advantage to have a regular deduction because it can mean 91% savings in tax. As a reduction of profit or an increase in loss on a sale, the tax benefit is measured by the tax rate that applies to the profit or loss, generally only 25%.

Interest on a debit balance in a brokerage account is deductible, if it is actually paid to the broker. The mere interest charge by a broker is not enough to give the deduction to anyone who makes his return on the basis of cash coming in and going out. However, credits to the customer's account for interest, dividends, and sales proceeds of the customer's securities are the same as so much cash paid by the customer.

Dividends and premiums on short sales are deductible. In a recent decision, however, it was held that the deduction was available only to those in the securities business; that is a dealer or active trader in securities. Other deductions include cost of investment advisory services, subscriptions to investment literature, rent of safe deposit boxes, custodian fees, office expenses, and cost of professional services for preparing or defending tax returns.

II. THE CORPORATE INVESTOR

What Special Provisions Apply Only To Corporate Investors?

In the case of over-six-month securities, individual investors have the choice of paying 25% of the profit or reporting one-half the profit as regular income. Corporate investors have the choice of paying 25% or reporting the full profit as regular income.

Also, while in the case of individuals, up to $1,000 of net security losses can be immediately deducted from other income; no such deduction can be taken by corporations. All that a corporation can do with the net losses is to carry them forward for five years until absorbed by security profits. If there are no security profits in the five year period, no tax benefit is derived from the losses.

In the case of an individual, mention was made of the desirability of minimizing dividend income in favor of capital gains. A corporation, however, is better off with dividends than any other type of taxable income, even including capital gains. That is because they generally pay less than 8% tax on dividend income.

Accordingly, while in the case of individuals there is an advantage in selling stock before the dividend date and buying it back afterwards, in the case of a corporation it is just the opposite—there is an advantage in buying stock before the dividend date and selling it afterwards.

However, quick - in - and - out turns by corporations won't work. The stock must be owned more than 15 days to get the 8% rate on dividends, otherwise the rate goes up to 52%. With preferred stock paying back dividends of over a year, the holding must be at least 90 days. The rate on dividends is also 52% if a corporation is long and short the same stock on a dividend date. Being long and short different stocks is all right.

III. TIMING OF YEAR-END SALES

When Are Sales Of Securities At The Year-End To Be Reported?

Year-end tax selling, whether to take profits or establish losses, is a familiar occurrence. Timing is important, or else a transaction intended to affect 1963 taxes may turn out to be a 1964 item, and vice-versa. The reason for this is the interesting rule that to a taxpayer reporting on the basis of cash coming in and going out, the profits are not considered realized for tax purposes until the securities sold are delivered to the buyer. Losses, on the other hand, are deemed to be sustained when the sale is made on the floor of the exchange, regardless of the time of certificate delivery.

As the various exchanges in New York have a four business-day delivery rule, the latest day to take profits for inclusion in 1963 returns is Tuesday, Dec. 24. Securities sold on the next business day, Thursday, Dec. 26, will not be delivered until Thursday, Jan. 2, 1964, and the profit will therefore be a 1964 item. Between Dec. 26 and 31, securities can be sold for "cash" instead of the regular four-day delivery, and in that way profits can still be established for 1963. In the case of losses, they can be taken by sales made right up to the end of the year.

Bid for Puerto Rico Bond Issues

Representatives of three banking groups which submitted bids November 6 for six Puerto Rican municipal bond issues totaling $9,530,000. The winning bid for all six issues was submitted by a group headed by Banco Credito y Ahorro Ponceno; Phelps, Fenn & Co., and Ira Haupt & Co. The municipalities included Aguadilla, Bayamon, Carolina, Guaynabo, Mayaguez and Ponce. Photo taken at the New York office of the Government Development Bank for Puerto Rico, Fiscal Agent for the Municipalities of Puerto Rico.

New School Names Director

Harold M. Edelstein, Vice-President of Bernstein-Macauley, Inc., New York investment counsel and economic consultants, has been named Director of the Business Administration Center at the New School for Social Research, 66 West 12th Street, Manhattan.

Mr. Edelstein has been a faculty member at The New School since 1962, teaching courses in investment and portfolio problems. He is trainee consultant for a leading brokerage firm, and the former editor of "The Magazine of Wall Street." He has also served on the faculty of Fairleigh Dickinson University. He received his B.S. degree from New York University.

Form Fin. Services

TULSA, Okla.—Financial Services Company has been formed with offices in the Ward Building to engage in a securities business. Partners are Emil D. Brasel and Flavy R. Groover.

Bill Would Allow Banks to Select Own Meeting Dates

ABA supports Federal bill which would permit national banks to select annual meeting dates to suit their needs.

The American Bankers Association has given its endorsement to legislation which would eliminate a requirement in the national banking laws that the annual meeting be set by the banks' articles of association during the month of January.

In a letter to Senator A. Willis Robertson, Chairman of the Senate Banking and Currency Committee, Walter A. Schlechte, President of the ABA's National Bank Division, said the proposal would give national banks more flexibility in timing their meetings and would relieve some of the burdens imposed upon banks by the present requirement.

Senator Robertson's Committee approved the Bill, S. 2228, on October 31.

The text of Mr. Schlechte's letter follows:

"The American Bankers Association supports S. 2228 which would permit national banks to hold their annual stockholders meeting on any day of the year specified in their bylaws rather than confining such meetings, as now required by law, to a day in January specified in the banks' articles of association. This change in requirement as to the time of the annual stockholders meeting appears to be needed. In January, bankers are faced with a heavy work load and quite frequently the data upon which reports are based is not available until late in the month; this makes it difficult for banks to furnish stockholders with the annual report in time for a January meeting. The Comptroller's new regulations with regard to solicitation of proxies place an even heavier burden on banks in furnishing required information before the January meeting.

"We, therefore, join the Treasury in suggesting that national banks, like other corporations, be given more flexibility in timing their annual stockholders meeting and recommend that S. 2228 be enacted."

Weyerhaeuser Co. Common Offered

Morgan Stanley & Co., New York, as Manager of an underwriting group, has announced the public offering of 400,000 Weyerhaeuser Co. shares at $32½ per share.

The shares are being sold for the Estate of Mary Frances Pendleton, deceased, and no part of the proceeds will be received by the company.

Weyerhaeuser, which has its principal executive offices in Tacoma, Wash., is principally engaged in the growing and harvesting of timber and in the manufacture, distribution and sale of wood products. Consolidated net sales in 1962 were derived as follows: lumber, 29%; Softwood plywood, 7%; hardwood plywood, veneer and doors, 6%; manufactured panel products, 3%; pulp, paperboard and paper, 25%; shipping containers and folding cartons, 21%; milk cartons, 5%, and logs and other products, 4%.

The company's shares have been approved for listing by the Boards of Governors of the New York Stock Exchange and the Pacific Coast Stock Exchange, and will be admitted to trading on these exchanges after the offering has been completed.

Hugh McGuire Joins Atkinson & Co.

PORTLAND, Oreg.—Hugh B. McGuire has become associated with Atkinson and Company, U. S. National Bank Building. Mr. McGuire, who has been in the investment business in Portland for the past 40 years, was formerly proprietor of Hugh B. McGuire & Co.

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Officers, etc. • Revised Capitalizations

Gordon W. Innes has been elected a Vice-President of **Manufacturers Hanover Trust Company, New York** metropolitan division. Formerly an Assistant Vice-President, Mr. Innes will supervise 20 branch offices in the northern part of Brooklyn comprising the bank's Region One.

At the same time the bank announced additional responsibilities in the same area for E. Vincent Curtayne, Vice-President. Mr. Curtayne will be in charge of business development and liaison with branch advisory boards in Region One.

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The Chemical Bank New York Trust Company, New York, has obtained approval of the New York State Banking Department for its planned acquisitions of the **Bensonhurst National Bank of Brooklyn, N. Y.** and the **First National Bank of Mt. Vernon, N. Y.** Applications for approval of the mergers are pending before the Federal Reserve Board.

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Election of R. Manning Brown, Jr., as a Director of **Morgan Guaranty Trust Company of New York** was announced by Henry C. Alexander, Chairman of the Board.

* * *

Irving Trust Company, New York, has opened a resident representative office in Paris to serve the company's expanding relations in the European area.

This office is under the direction of Henri W. Emmet, who has been appointed resident representative for Europe, and Elward M. Bresett, Jr., deputy representative. The new office is located at 9 Rue Tronchet in Paris.

* * *

Bank of New York, N. Y. has elected William E. Bachert, Treasurer, Shelby M. C. Davis and Landon Peters, have also been named Assistant Vice-Presidents.

* * *

The **Commercial Bank of North America, New York,** was given approval to increase its capital stock from $3,877,415 consisting of 775,483 shares of the par value of $5 each, to $4,105,500 consisting of 821,100 shares of the same par value.

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Richard S. Perkin has been elected a Trustee of the **United States Trust Company of New York.**

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Torleaf H. Benestad has been appointed Senior Vice-President of **American Trust Co., New York.**

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The Board of Directors of **Worcester County National Bank, Worcester, Mass.** voted seven new advisory directors for the Clinton offices. They are Erich L. Albrecht, Erich Fritsch, Raymond M. Goodwin, David F. Gould, Willis J. Hackett, Donald L. Smith and Nicholas H. Wagner.

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The Matawan Bank, Matawan, N. J. and the **Central Jersey Bank and Trust Company, Freehold, N. J.,** merged under charter and title of the latter bank.

* * *

The Mellon National Bank & Trust Co., Pittsburgh, Pa., made William G. Milburn a Vice-President in the operating department and Donald C. Burnham, was elected a Director succeeding the late Mark W. Cresap, Jr.

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The **Wilmington Trust Co., Wilmington, Del.,** elected J. Allen Frear, Jr., a Vice-President.

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The **Maryland National Bank, Baltimore, Md.,** elected Warren Black a Director.

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Maryland National Bank, Baltimore, Md., opened its 72nd office at 8730 Georgia Avenue, corner of Fenwick Lane, Silver Spring, Md., on Nov. 13.

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The Board of Governors of the Federal Reserve System Nov. 6 announced its approval of the acquisition of assets of **Peoples Savings Bank, Laurel, Iowa,** and the assumption of its deposit liabilities by **Security Savings Bank, Marshalltown, Iowa.**

* * *

The Comptroller of the Currency, James J. Saxon, announced that he had placed temporarily in conservatorship at the close of business Nov. 8, the **Southern Hills National Bank of Tulsa, Okla.** Mr. Saxon stated that he deemed this action unavoidable because of a highly unusual situation, resulting from the overwhelming acceptance of the Bank's offer to handle all so-called "charter" accounts free of service charges for the life of the accounts. The unprecedented number of such deposit accounts greatly overtaxed the processing facilities of this new Bank, which had opened for business Aug. 5, 1963. In these circumstances, it is essential to allow this new Bank a reasonable period of time within which to establish adequate facilities and procedures for handling this huge volume of business. It is therefore necessary that the normal business of this Bank be temporarily suspended and the conservatorship established for this purpose.

Mr. William H. Greenfield, Senior Vice-President in charge of operations of the **Republic National Bank of Dallas, Dallas, Texas,** has been appointed as Conservator of the Southern Hills National Bank, effective as of the close of business November 8, 1963. Mr. Greenfield, as Conservator, will act under the sole direction of the Comptroller of the Currency, and under such direction, is responsible for the conduct of the affairs of the Bank.

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The First National Bank, Dallas, Texas, elected W. Dewey Presley, Chairman of the Executive Committee and a Director. Maurice K. Carr, William Franklin Ritchie, and H. C. Maiden, Jr. were also elected Vice-Presidents.

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Richard G. Tyrrell has been named Assistant Cashier at **The Bank of California's Head Office, San Francisco, Calif.**

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The **Crocker-Anglo National Bank, San Francisco, Calif.** and **Citizens National Bank** merged Nov. 1, it was announced jointly by Emmett G. Solomon and Roy A. Britt.

Mr. Solomon, President of the **former Crocker-Anglo Bank** and now President of the merged bank, and Mr. Britt, President of the former **Citizens Bank** and now Vice-Chairman of the Board and Chairman of the Executive Committee of the combined bank, said that all offices of both banks are now offices of Crocker-Citizens National Bank.

The Department of Justice filed a suit against the banks in the Federal District Court in San Francisco on Oct. 8, charging that the merger would violate the Sherman and Clayton anti-trust acts. The department asked a special three-judge court to enjoin the merger, pending a full trial of the suit.

On Nov. 1 the three judges denied the Justice Department's request for a temporary halt to the merger, thus paving the way for the banks to go ahead and consolidate.

The Bank of Los Angeles, Los Angeles, Calif. elected Charles A. Macfie, Chairman of the Executive Committee.

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Appointment of Kirk Jeffrey as President and Chief Executive Officer of **The Stanford Bank, Palo Alto, Calif.,** effective Dec. 1, was announced Nov. 7 by the bank's organizing committee. In accepting this position Jeffrey will resign as Senior Vice-President in charge of the northern division of **First Western Bank & Trust Company, San Francisco.**

The Stanford Bank, newly chartered by the state, is a commercial and savings bank with capitalization of $2,200,000.

Mr. Jeffrey, prior to his association with First Western was Vice-President and Senior Loan Officer of the **Manchester Bank, St. Louis, Missouri.**

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Kenneth B. Palmer has been elected a Director of the **Mercantile Bank of Canada, Montreal.**

Officers At J. Lee Peeler Co.

DURHAM, N. C.—J. Lee Peeler, has been elected Chairman of the Board and Vice-President of J. Lee Peeler & Company, Inc., Investment Bankers, Trust Building, and Jonathan L. Peeler, has been elected President. J. Lee Peeler founded the company in 1946 and has been its president since that date. He has been in the securities business since 1938.

Jonathan L. Peeler, who makes his headquarters at the firm's Charlotte office in the Johnston Building, is 32 years of age and has been associated with the company since 1951. He is the son of Mr. and Mrs. J. Lee Peeler of Durham, N. C. He attended the Durham City schools and is a graduate of The Mercersburg Academy and the University of North Carolina, where he was a member of the Sigma Chi Fraternity. He has also completed studies at the Alexander Hamilton Institute and the New York Institute of Finance.

J. H. Kaplan Appoints

MIAMI BEACH, Fla.—Ralph M. Evans has become associated with John H. Kaplan & Co. as sales manager of the Miami Beach office, Hotel Fontainbleau.

STATE of TRADE and INDUSTRY

Continued from page 16

with the exception of 1961, *Steel* magazine reported.

Output this week is expected to inch higher than the 1,950,000 ingot tons that the magazine estimates were made last week. Operations were close to 63.5% of unofficial capacity.

The steel market is stronger than steelmakers anticipated earlier in the year, and it doesn't seem to be weakening.

Automakers are offsetting seasonal factors by ordering extra tonnage for November and December delivery as they continue their assault on production records. They're aiming to build 740,000 cars this month—8% more than they assembled in November, 1962.

Appliance manufacturers, machinery builders, and industrial equipment makers are continuing to give the market strong support.

The year's shipments may be the largest since those of 1957, *Steel* reported.

If steelmakers can ship as much tonnage this month as they did in October (about six million tons), they'll be well on their way to a successful quarter.

Their shipments will fall in December (because of curtailments due to holidays and taxes some states levy on yearend inventories).

But if December shipments reach 5.5 million tons, the fourth quarter's figure will be 17.5 million tons and the year's total, 76 million tons—and the best since 1957.

Churning Metalworking Prices

Metalworking prices ctontinue to churn.

Steel's price composite on steelmaking scrap rose 67 cents to $26.67 a gross ton last week. The increase reflected more buying for export.

Selective price advancements have been announced by companies making wheels and rings, axles, metal clad switchgear, polyethylene resins, and copper tubes.

But one producer reduced prices on thin tin plate to bring them to levels of competing makers.

Producers of high strength bolts and large rivets are concerned about last month's price increases on wire rods. Rod mills didn't raise base prices but did hike extra charges for rod sizes overlapping small carbon bars whose prices previously were raised. Fastener makers fear they'll have a hard time passing increases along to customers.

Tin prices have climbed seven cents since mid-October, indicating the long predicted tin shortage is here. Behind the shortage: Output in Indonesia is down. Red Chinese exports to the West have dried up. Strikes in Bolivia have cut output. And the International Tin Council has run of of tin trying to curb the recent round of price hikes.

U. S. users have been living off stocks and releases from the Federal stockpile. The General Services Administration started to dispose of 50,000 long tons last September. Currently, 400 tons are being released weekly. Because of the U. S. stockpile and substantial user stocks, the shortage probably won't get any worse.

Autos Pace Year-End Sprint In Steelmaking

The steel market may be getting its second wind *Iron Age* reported.

A surge of new orders is giving the recovery a fresh feeling at a time when it was expected to be gasping for strength.

The national metalworking weekly cautioned this doesn't mean a drive to break all records is building up. But the fresh feeling is enough to assure a decent sprint through the end of the year.

Iron Age said the new life is coming directly from record auto sales and production. Even after a record October, automakers are upping their schedules and are backing them up with new, larger orders for steel.

Further, the increased auto business is coming at the bottom of the inventory cycle. There is still excess steel to be worked off. But orders and chewup are coming more closely into line.

The new optimism comes from too narrow a base to assure a continued broad recovery. Important as the auto industry is, it can't carry an uptrend on its own. Elsewhere among steel consuming industries business is strong. But not strong enough to keep steel sales and production moving up without strong auto demand.

This accounts for conflicting reports from individual mills and sales offices. Detroit is the center of the new optimism, while less auto-oriented steel centers do not share the same feeling.

As it stands now, November orders will be up visibly, but not radically, from October. There are mixed feelings about December when year-end and holiday influences will be felt.

After the first of the year, the level of steel production will depend on auto sales and inventory factors. If the overall economy remains strong, there will be little tendency for steel users to cut back their steel stocks to minimum levels.

Carrying this a step further, this could mean strong steel demand well into the first quarter of 1964.

Here are some of the indicators:

The Detroit sales office of a major mill reports November could well be 20% over October. Others report some gains for November—not to that extent but substantial nevertheless.

Three of the biggest automotive divisions have revised December production schedules and have supplemented their December buys accordingly. Another had placed large December orders and last week told suppliers to expect orders for additional tonnage.

In contrast to the automotive buildup, there is the expected seasonal slump from construction steels counteracting the flat-rolled steel business coming from the automakers.

Auto Output Up 13.1% From Year-Ago For Record 8-Year Weekly High

Auto output in the U. S. this week will rise to its highest level for any week in history, *Ward's Automotive Reports* said.

The statistical agency fixed the industry's program for the week ended Nov. 9 at 187,896 passenger cars, increasing 7.0% from 175,560 cars made last week. Also, 13.1% above 166,112 assemblies in the corresponding week of a year ago —last week's output is expected to top the record weekly count of 184,277, dating to April of 1955.

The industry set an all-time record in monthly production during October, when 198,719 cars and 140,398 trucks were made. Previous high in car making was 794,015 in March of 1955, and in truck building, 140,125 units in May, 1951.

Ward's pointed out that although November volume will not surpass that of October, production this month may reach a peak on the basis of daily output.

The industry's two biggest producers, General Motors and Ford, slated record counts for last week.

With the industry being prodded by record sales, a total of 33 assembly plants had scheduled overtime last Saturday. This production demand caused workers at two plants to walk out on strike during October—the Chevrolet plant at Norwood (Ohio) still idle late last week.

Since the '64 model startup, union locals have taken strike votes at a total of 20 industry plants. A five-day notice of impending strike at Ford's Kansas City (Mo.) assembly plant came last week in protest to "production standards."

GM programmed 50.7, Ford 28.9, Chrysler 13.5, American Motors 6.2 and Studebaker 0.7% of last week's record schedule.

Carloadings Are Up 2.3% and Ton Miles 7.3% Ahead of Last Year

Loading of revenue freight in the week ended Nov. 2, totaled 622,566 cars, the Association of American Railroads announced. This was a decrease of 2,015 cars or three-tenths of 1% below the preceding week, and was the third successive week in which total carloadings declined.

Total carloadings of revenue freight increased 2.3% over the year-ago week and 0.5% over the comparable 1961 week, the former constituted an increase of 13,970 cars and 3,131 cars for the latter change.

Carloadings of grain and grain products, however, totalled 68,625 cars during the week ended Nov. 2—an increase of 2,889 cars over the preceding week, which was the peak up to that time, and an increase of 2,247 cars over the 1962 grain loadings peak, which occurred in the comparable week a year ago. It was a 58% increase over the low 1963 total registered last January.

Ton-miles generated by carloadings in the week ended Nov. 2, 1963, are estimated at approximately 13.8 billion, an increase of 7.3% over the corresponding week of 1962 and 11.7% over 1961.

The 62 class I U. S. railroad systems originating piggyback traffic reported loading 16,934 cars with one or more revenue highway trailers or highway containers (piggyback) in the week ended Oct. 26, 1963 (which were included in that week's over-all total). This was an increase of 1,806 cars or 11.9% above the corresponding week of 1962 and 3,485 cars or 25.9% above the 1961 week.

Cumulative piggyback loadings for the first 43 weeks of 1963 totaled 661,383 cars for an increase of 78,081 cars or 13.4% above the corresponding period of 1962, and 176,475 cars or 36.4% above the corresponding period in 1961.

Truck Tonnage Fractionally Off From Year-Ago Week

Intercity truck tonnage in the week ended Nov. 2 was almost even with the volume in the corresponding week of 1962—off only 0.2%, the American Trucking Associations announced. Truck tonnage was 2.0% above the volume for the previous week of this year.

This is only the fourth time since late June that the yearly comparison has shown volume trailing the 1962 level. In all cases the decline was marginal. The week-to-week increase is consistent with that experienced during comparable periods in past years.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Department of Research and Transport Economics. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country.

The terminal survey for last week showed increased tonnage from a year ago at 15 localities, with 18 points reflecting decreases from the 1962 level. One terminal area, Los Angeles, showed no change from last year. Three trucking centers showed increases of 10% or more, while only one terminal area reflected a decline in excess of this amount.

Compared with the immediately preceding week, 23 metropolitan areas registered increased tonnage, while 10 areas reported decreases. One terminal city, Cincinnati, reflected no change from the previous week.

Week's Lumber Output 0.3% Above 1962 Rate and Up 0.9% From Last Week

Lumber production in the country totaled 233,009,000 board feet in the week ended Nov. 2, according to reports received from regional lumber associations. Output rose 0.9% in the current week-to-week change.

Compared with 1962 levels, production climbed 0.3%, shipments rose 7.2% and new orders rose 10.3%.

Following are the figures in thousands of board feet for the weeks indicated:

	Nov. 2 1963	Oct. 26 1963	Nov. 3 1962
Production	233,009	230,878	232,220
Shipments	244,061	239,172	227,624
New orders	255,520	241,651	231,485

Electric Output Shows 6.6% Gain Over 1962 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Nov. 9, was estimated at 17,586,000,000 kwh. according to the Edison Electric Institute. Output was 129,000,000 kwh. more than the previous week's total of 17,457,000,000 kwh. and 1,095,000,000 kwh. above the total output of 16,491,000,000 kwh. in the corresponding 1962 week or a year-to-year gain of 6.6%.

Dip in Business Failures Election Week

Commercial and industrial failures slipped to 270 in the week ended Nov. 7 after an upturn to 285 in the preceding week, reported Dun & Bradstreet, Inc. While casualties were down only moderately from the year-ago pace of 295 in the similar week, they fell off sharply from the 1961 level of 336. Approximately the same number of businesses failed as in pre-war 1939 when the toll stood at 269.

Thirty-four of the week's casualties had liabilities of $100,000 or more, edging below the 39 of this size in both the prior week and last year. Smaller failures involving losses under $100,000 declined to 236 from 246 a week ago and 256 in the comparable week of 1962.

Manufacturing accounted for nearly all of the week's downturn, with 44 concerns in this operation succumbing as against 62 a week earlier. Slight dips appeared in wholesaling, off to 31 from 35, and in service, off to 31 from 34. On the other hand, the toll among retailers increased to 124 from 114 and among construction contractors held even at 40. In all lines except service, mortality remained below 1962 levels. However, both wholesale trade and construction casualties came close to equalling their last year's marks.

Canadian failures remained unchanged at 50, the same as a week ago, but ran below the 58 recorded in the similar week of 1962.

Wholesale Commodity Price Index Eases From Last Week

Continuing to gyrate daily as it has for the past two weeks, the wholesale commodity price level eased to 268.16 this Monday, reported Dun & Bradstreet, Inc. A downward plunge in sugar on Friday exerted the sharpest effect on the index. Lower quotations reflected the news that Congress will be asked to expand the domestic producers share of the United States market in 1964 due to scarcities in world sugar supplies. Rye fell and corn slipped fractionally. On the up side of the scale, reports that basic agreement with Russia on wheat sales had been reached and licensing was imminent caused an upswing in wheat prices. Similarly, prospects of bigger exports to Japan and Western Europe pushed cotton quotations up somewhat.

The Daily Wholesale Commodity Index settled at 268.16 this Monday, Nov. 11, down from 268.32 last week. The index trailed that of a month ago, when it stood at 269.14, and last year when it reached 270.03.

Wholesale Food Price Index Equals Year's High

The Wholesale Food Price Index rose to $5.98 this week equalling the high for the year set on July 23. This record which pushed 0.3% past last week's pace and 0.2% above a year ago, nevertheless, remained behind the 1962 high of $6.11, the 1961 record of $6.17, and came nowhere near the $6.90 index reached in 1950.

The Dun & Bradstreet, Inc. Wholesale Food Price Index represents the sum total of the price per pound of 31 raw foodstuffs and meat in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Cooler Temperatures Give Moderate Lift to Buying

Consumer buying took a brisker turn along with the temperature in the week ended Wednesday, Nov. 6, but some of the October lethargy lingered in apparel purchases. Despite bustling traffic on Election Day, outerwear sales could not match the exceptionally fast pace they set on the same day last year. However, for the week as a whole, continuing gains in home goods and new autos kept total volume rolling along ahead of 1962 levels.

The total dollar volume of retail trade in the latest statement week ranged from 2 to 6% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: New England —2 to +2; Middle Atlantic 0 to +4; West North Central, West South Central and Mountain +1 to +5; East South Central +2 to +6; East North Central and South Atlantic +3 to +7; Pacific +4 to +8.

Nationwide Department Store Sales Decline 2.0% Above Last Year's Level

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index advanced 2.0% for the statement week ending Nov. 2 compared with the like period in 1962. The week's rise above the year-ago week marked the 23rd year-to-year weekly gain out of the past 24 weeks. The weekly sales index without seasonal adjustment reveals sales were up 6.2% from last week.

In the four-week period ended Nov. 2, 1963, sales gained 2% over last year's level for the comparable period for the country's 12 leading department store districts.

So far this year (Jan. 1 to Nov. 2), the 12 department store districts' retail dollar volume increased 4% (adjusted) over that rung up for corresponding period a year ago.

According to the Federal Reserve System, department store sales in New York Federal Reserve District for the week ended Nov. 2 rose 4% above the comparable year-ago week's figure and were up, however, 1.0% compared to last year's four-week period. They were up 5% since the beginning of this year compared to the same cumulative period in 1962. Within the N. Y. Metropolitan area, however, New York City department store sales for the Nov. 2-ending week were *down* 3.0% from the corresponding period a year ago, and sales in the latest four weeks were 3.0% below total retail dollar volume from the year-ago period.

A *flash figure* for New York City's sales for the Nov. 9-ending sales week revealed a minus 4% compared to the year-ago week. No one can surmise, however, how much higher the New York City sales might have been in the absence of the sales tax rise from 3 to 4% last June 1. The four-week N. Y. C. flash figure revealed a 3% decline from last year's period .

A broader set of data encompassing *total* retail sales, compiled by the Bureau of the Census, U. S. Department of Commerce, put the Nov. 2-ending week's sales 2.0% above that for the comparable week last year. The year-to-year contrast for the latest four-week period showed a gain of 3.0%. Unlike the department store statistics, the Department of Commerce's over-all retail sales data are *not* adjusted for seasonal variations.

October Sales Gain 5.0% Over Year-Ago Month

Total sales of retail stores in October were $21.6 billion, the U. S. Department of Commerce announced recently. This advance figure, after adjustment for seasonal variations and trading day differences, but not for price changes, was 2% above September 1963 and 5% above October 1962.

The Office of Business Economics noted that after adjustment for seasonal and trading day differences, durable goods sales advanced to a new record as most trades reported higher sales. Nondurable goods stores also reached a new high. Apparel and general merchandise stores had lower sales, but most other nondurable trades increased. Based on the full sample, seasonally adjusted sales of all retail stores in September 1963 were about 1% below August.

Mohawk Airlines Debens. Offered

Public offering of $6,000,000 Mohawk Airlines, Inc. 5½% convertible subordinated debentures due Nov. 1, 1978 is being made by an underwriting group headed by Smith, Barney & Co. Inc., New York. The debentures are priced at 100%, plus accrued interest.

The debentures are convertible into capital stock of the company at $5 a share through Nov. 1, 1968; thereafter through Nov. 1, 1973, at $5.50 per share; and thenceforth at $6.25 a share.

Mandatory annual sinking fund payments, commencing in 1970, are designed to retire 50% of the issue prior to maturity. The company also has the option to make additional annual sinking fund payments equal to the annual mandatory sinking fund payments.

For the sinking fund the debentures will be redeemable at 100% plus accrued interest. They also are redeemable at the option of the company at any time at regular redemption prices ranging from 105.5% to 100%, plus accrued interest.

Of the net proceeds from the sale of the debentures, approximately $2,000,000 will be applied to the prepayment in full of an outstanding bank note. The balance of the proceeds will be used to finance in part the acquisition from the British Aircraft Corp., Ltd. of four BAC 1-11 jet aircraft and related spare engines and equipment, the total cost of which is estimated at $13,150,000, including import duty.

Mohawk Airlines principally provides short-haul air transportation of persons, property and mail on its route system which serves over 50 cities through 33 airports located in the States of New York, New Jersey, Pennsylvania, Ohio, Michigan, Massachusetts, Connecticut, Rhode Island, Vermont and New Hampshire, and in Toronto, Canada.

Phila. Secs. Ass'n To Hear at Meeting

PHILADELPHIA, Pa. — E. J. Dwyer, President of Electric Storage Battery Company, will be guest speaker at a luncheon meeting of the Philadelphia Securities Association on Wednesday, Nov. 20 at the Barclay Hotel.

Rubin Hardy of The First Boston Corporation is in charge of arrangements.

Milton Eisenberg Forms Own Firm

SAVANNAH, Ga. — Milton F. Eisenberg and Company, Inc. has been formed with offices in the Liberty National Bank Building, to engage in a securities business. Officers are Milton F. Eisenberg, President, and Everette I. Eisenberg, Secretary. Milton Eisenberg was formerly an officer of Clement A. Evans & Co., Inc. and more recently was with J. R. Williston & Beane, Inc.

Indications of Current Business Activity

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:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Steel ingots and castings (net tons)	Nov. 9	1,958,000	1,944,000	1,915,000	1,804,000
Index of production based on average weekly production for 1957-1959	Nov. 9	105.1	104.4	102.8	99.0
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960	Nov. 9	0.64	0.635	0.625	63.0
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Nov. 1	7,571,010	7,608,260	7,578,410	7,332,100
Crude runs to stills—daily average (bbls.)	Nov. 1	8,630,000	8,663,000	8,860,000	8,326,000
Gasoline output (bbls.)	Nov. 1	31,075,000	30,889,000	30,978,000	29,913,000
Kerosene output (bbls.)	Nov. 1	3,456,000	3,009,000	2,815,000	2,961,000
Distillate fuel oil output (bbls.)	Nov. 1	14,771,000	14,416,000	14,659,000	13,219,000
Residual fuel oil output (bbls.)	Nov. 1	4,853,000	4,579,000	4,625,000	5,366,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Nov. 1	177,407,000	178,089,000	181,077,000	176,256,000
Kerosene (bbls.) at	Nov. 1	38,110,000	37,102,000	34,845,000	37,326,000
Distillate fuel oil (bbls.) at	Nov. 1	189,162,000	*185,386,000	175,175,000	180,762,000
Residual fuel oil (bbls.) at	Nov. 1	53,590,000	52,941,000	52,060,000	53,152,003
Unfinished oils (bbls.) at	Nov. 1	85,204,000	83,801,000	83,367,000	84,679,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Nov. 2	622,566	624,581	632,049	608,587
Revenue freight received from connections (no. of cars)	Nov. 2	520,991	519,130	519,776	526,803
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Nov. 2	9,555,000	*9,715,000	9,700,000	8,847,000
Pennsylvania anthracite (tons)	Nov. 2	327,000	406,000	393,000	314,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	Nov. 7	$1,016,400	$694,200	$620,200	$509,500
Private	Nov. 7	401,100	397,600	328,100	132,000
Public	Nov. 7	615,300	296,600	292,100	377,500
State and Municipal	Nov. 7	176,200	262,400	281,500	77,200
Federal	Nov. 7	439,100	34,200	10,600	300,300
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE = 100	Nov. 2	119	112	122	117
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Nov. 9	17,586,000	17,457,000	17,255,000	16,491,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Nov. 7	270	285	257	295
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Nov. 4	6.368c	6.368c	6.368c	6.196c
Pig iron (per gross ton)	Nov. 4	$63.11	$63.11	$63.11	$63.33
Scrap steel (per gross ton)	Nov. 4	$26.50	$26.50	$26.83	$23.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Nov. 8	30.600c	30.600c	30.600c	30.600c
Export refinery at	Nov. 8	28.400c	28.350c	28.400c	28.450c
Lead (New York) at	Nov. 8	12.000c	12.000c	11.751c	10.000c
Lead (St. Louis) at	Nov. 8	11.800c	11.800c	11.551c	9.800c
‡Zinc (delivered at)	Nov. 8	13.000c	13.000c	13.000c	12.000c
Zinc (East St. Louis) at	Nov. 8	12.500c	12.500c	12.500c	11.500c
Aluminum (primary pig, 99.5%) at	Nov. 8	23.000c	23.000c	23.000c	24.000c
Straits tin (New York) at	Nov. 8	124.375c	124.625c	117.750c	110.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Nov. 12	88.47	88.40	88.86	87.99
Average corporate	Nov. 12	88.27	88.40	88.54	88.13
Aaa	Nov. 12	91.19	91.34	91.48	92.35
Aa	Nov. 12	89.64	89.78	89.78	90.20
A	Nov. 12	88.27	88.40	88.67	87.45
Baa	Nov. 12	84.43	84.43	84.30	82.77
Railroad Group	Nov. 12	86.38	86.51	86.51	84.17
Public Utilities Group	Nov. 12	89.51	89.51	89.64	89.92
Industrials Group	Nov. 12	89.09	89.23	89.37	90.20
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Nov. 12	4.05	4.07	3.99	3.67
Average corporate	Nov. 12	4.54	4.53	4.52	4.55
Aaa	Nov. 12	4.33	4.32	4.31	4.25
Aa	Nov. 12	4.44	4.43	4.43	4.40
A	Nov. 12	4.54	4.53	4.51	4.60
Baa	Nov. 12	4.83	4.83	4.84	4.96
Railroad Group	Nov. 12	4.68	4.67	4.67	4.85
Public Utilities Group	Nov. 12	4.45	4.45	4.44	4.42
Industrials Group	Nov. 12	4.48	4.47	4.46	4.40
MOODY'S COMMODITY INDEX	Nov. 12	374.2	374.1	369.6	363.6
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Nov. 2	383,170	380,562	435,786	392,349
Production (tons)	Nov. 2	383,961	383,964	381,406	353,962
Percentage of activity	Nov. 2	98	99	98	96
Unfilled orders (tons) at end of period	Nov. 2	616,178	622,302	668,552	492,527
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1959 AVERAGE=100	Nov. 8	99.60	*99.54	99.44	98.89
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Oct. 18	3,537,650	2,984,200	3,175,650	1,945,700
Short sales	Oct. 18	691,340	506,220	602,950	466,160
Other sales	Oct. 18	2,763,990	2,468,290	2,417,320	1,623,250
Total sales	Oct. 18	3,455,330	2,974,510	3,020,270	2,089,410
Other transactions initiated off the floor—					
Total purchases	Oct. 18	947,010	832,200	562,000	452,570
Short sales	Oct. 18	96,000	111,900	62,800	86,400
Other sales	Oct. 18	760,330	737,270	545,490	423,820
Total sales	Oct. 18	856,330	849,170	608,290	510,220
Other transactions initiated on the floor—					
Total purchases	Oct. 18	1,600,205	1,334,265	1,112,979	973,254
Short sales	Oct. 18	232,650	205,230	141,890	112,614
Other sales	Oct. 18	1,254,625	1,091,960	1,040,315	732,285
Total sales	Oct. 18	1,487,275	1,297,190	1,182,205	844,899
Total round-lot transactions for account of members—					
Total purchases	Oct. 18	6,084,865	5,150,665	4,850,629	3,371,524
Short sales	Oct. 18	1,019,990	823,350	807,640	665,174
Other sales	Oct. 18	4,778,945	4,297,520	4,003,125	2,779,355
Total sales	Oct. 18	5,798,935	5,120,870	4,810,765	3,444,529
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Oct. 18	1,668,753	1,555,136	1,523,434	1,309,378
Dollar value	Oct. 18	$99,136,004	$86,189,204	$82,905,305	$56,032,113
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Oct. 18	2,046,641	1,817,530	1,959,698	1,552,559
Customers' short sales	Oct. 18	27,558	29,290	13,828	83.210
Customers' other sales	Oct. 18	2,019,083	1,788,240	1,945,870	1,469,349
Dollar value	Oct. 18	$111,336,886	$91,681,548	$98,816,593	$67,152,202
Round-lot sales by dealers—					
Number of shares—Total sales	Oct. 18	783,740	701,160	810,100	616,890
Short sales	Oct. 18	------	------	------	------
Other sales	Oct. 18	783,740	701,160	810,100	616,890
Round-lot purchases by dealers—Number of shares	Oct. 18	426,800	395,140	355,220	322,980
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Oct. 18	1,405,350	1,279,620	1,404.230	1,478,240
Other sales	Oct. 18	26,188,680	22,463,400	23,353,200	16,035,510
Total sales	Oct. 18	27,594,030	23,743,020	24,393,430	17,513,750
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Nov. 5	100.2	100.2	100.4	100.7
Farm products	Nov. 5	94.4	*94.6	96.2	98.1
Processed foods	Nov. 5	101.7	*101.7	101.6	101.9
Meats	Nov. 5	90.8	90.1	93.5	99.9
All commodities other than farm and foods	Nov. 5	100.7	100.7	100.8	100.7

*Revised figure. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
AMERICAN ZINC INSTITUTE, INC.—Month of October:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	84,093	77,866	77,939
Shipments (tons of 2,000 pounds)	85,552	87,103	87,434
Stocks at end of period (tons)	53,897	55,356	159,448
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of Sept. 30:			
Total consumer credit	$66,343	$66,137	$60,126
Instalment credit	51,627	51,421	46,310
Automobile	21,396	21,468	18,881
Other consumer credit	12,889	12.804	11,861
Repairs and modernization loans	3,404	3,383	3,277
Personal loans	13,938	13,766	12,291
Noninstalment credit	14,716	14,716	13.816
Single payment loans	5,853	5,799	5.481
Charge accounts	4,713	4,770	4,495
Service credit	4,150	4,147	3,840
DEPARTMENT STORE SALES SECOND FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF NEW YORK—1957-59 Average=100—Month of October:			
Sales (average daily) unadjusted	113	*121	110
Sales (average seasonally adjusted)	116	*121	113
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of Sept. (000's omitted):			
Ordinary	$5,029	$5.048	$4,172
Industrial	558	579	573
Group	1,468	1,177	1.273
Total	$7,055	$6,804	$6,018
METAL OUTPUT (BUREAU OF MINES) Month of August:			
Mine production of recoverable metals in the United States:			
Gold (in fine ounces)	119.784	*103 698	153 302
Silver (in fine ounces)	3,038.664	*2,865 604	3,0[illegible] 9[illegible]2
Copper (in short tons)	87,713	*86.099	93 774
Lead (in short tons)	25 078	*23,621	16,646
Zinc (in short tons)	44,930	*40,204	44,458
METAL PRICES (E. & M. J. QUOTATIONS)—October:			
Copper—			
Domestic refinery (per pound)	30.600c	30.600c	30.600c
Export refinery (per pound)	28.389c	28.390c	28.529c
††London, prompt (per long ton)	£234.125	£234.125	£231.250
††Three months, London (per long ton)	£234.495	£234.975	£232.772
Lead—			
Common, New York (per pound)	11.935c	11.628c	[illegible].500c
Common, East St. Louis (per pound)	11.735c	11.428c	9.300c
††London, prompt (per long ton)	£69.666	£67.818	£52.954
††Three months, London (per long ton)	£69.519	£67.670	£52.948
Zinc—			
East St. Louis (per pound)	12.500c	12.500c	11.500c
§§Prime Western, delivered (per pound)	13.000c	13.000c	12.000c
††London, prompt (per long ton)	£80.136	£76.643	£66.030
††London, three months (per long ton)	£80.226	£76.393	£66.644
Silver and Sterling Exchange—			
Silver, New York (per ounce)	129.300c	129.260c	120.614c
Silver, London (per ounce)	111.674d	111.488d	102.674d
Sterling Exchange (check)	$2.79778	$2.79767	$2.80133
Tin, New York Straits	119.902c	116.088c	108.750c
Gold (per ounce U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$192.217	$187.000	$192.000
Antimony—			
¶New York, boxed (per pound)	36.250c	36.250c	36.250c
Laredo, bulk (per pound)	32.500c	32.500c	32.500c
Laredo, boxed (per pound)	33.000c	33.000c	33.000c
Platinum, refined (per pound)	$80.000	$80.000	$82.000
Cadmium (per pound) delivered ton lots	$2.57500	$2.45500	$1.75000
(Per pound) small lots	$2.62500	$2.50500	$1.80000
Cobalt, 97% grade (per pound)	$1.50000	$1.50000	$1.50000
Aluminum—			
99% grade ingot weighted average (per lb.)	22.978c	22.500c	24.000c
99% primary pig export	22.978c	22.500c	22.500c
**Nickel	79.000c	79.000c	79.000c
Bismuth (per pound)	$2.25	$2.25	$2.25
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S. AUTOMOBILE MANUFACTURERS' ASSN.—Month of Oct.:			
Total number of vehicles	939,529	620,761	848,510
Number or passenger cars	799,371	505,228	724.273
Number of trucks and motor coaches	140,158	115,533	124,237
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of September (in billions):			
Total personal income	$466.4	*$465.1	$445.5
Wages and salary receipts, total	315.4	*314.4	299.8
Commodity producing industries	124.9	*124.7	119.5
Manufacturing only	99.0	98.7	95.0
Distributing industries	80.5	*80.2	77.6
Service industries	50.1	50.0	46.8
Government	59.8	59.5	55.9
Other labor income	12.7	12.7	12.2
Business and professional	37.9	32.9	36.6
Farm	12.7	12.7	13.3
Rental income of persons	12.1	12.1	12.0
Dividends	17.7	*17.[illegible]	16.6
Personal interest income	33.0	32.[illegible]	30.6
Transfer payments	36.8	36.7	34.7
Less employees' contributions for social insurance	11.9	*11.9	10.2
Total nonagricultural incomes	449.4	*448.0	428.1
U. S. GOVT. STATUTORY DEBT LIMITATION As of Oct. 31 (000's omitted):			
Total face amount that may be outstanding at any time	$309,000,000	$309,000,000	$308,000,000
Outstanding—			
Total gross public debt	306,442,143	306,635,039	302,067.039
Guaranteed obligations not owned by the Treasury	705,008	693,071	486,387
Total gross public debt & guaranteed obligations	$307,147,152	$307,328,110	$302,553,426
Deduct—Other outstanding public debt obligations not subject to debt limitation	365,819	366.332	372,483
Grand total outstanding	$306,781,332	$306,961,779	$302,180,942
Balance face amount of obligations issuable under above authority	2,218,667	2,038,220	5,819,057
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of Oct. 31	$307,147,152	$307,328,111	$302.553.426
General funds balance	4,510,389	9,783,378	6,518,017
Net debt	$302,636,763	$297,544,733	$296,035.409
Computed annual average	3.460%	3.428%	3.277%

*Revised figure. ¶Domestic five tons or more but less than carload lots boxed. §§Delivered where freight from East St. Louis exceeds 0.5c. **Por[illegible]rn, U. S. duty included. ††Average of daily mean and bid and ask quotations [illegible]g ton at morning session of London Metal Exchange.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

NOTE — Registration statements filed with the SEC since the last issue of the "Chronicle" are now carried separately at the end of this section "Securities Now in Registration." Dates shown in parentheses alongside the company's name, and in the index, reflect the expectations of the underwriter but are not, in general, firm offering dates.

Also shown under the capition "Effective Registrations" are those issues which became effective this week and were offered publicly.

Aerosystems Technology Corp.
Oct. 4, 1963 filed 165,000 common. **Price**—$3. **Business**—Manufacture of a new line of motor speed controls to govern the speed of electric pow red tools. **Proceeds**—For additional equipment, leased facilities, advertising and working capital. **Address** — 1275 Route 23, Wayne, N. J. **Underwriter**—Chase Securities Corp., New York.

Airway Hotels, Inc.
April 1, 1963 filed 200,000 common. **Price**—$5. **Business**—Company owns and operates a chain of motor hotels, apartment buildings and a shopping center. **Proceeds**—For loan repayment, expansion and other corporate purposes. **Office**—901 Fuhrmann Blvd., Buffalo, N. Y. **Underwriter**—None.

Allen Electric & Equipment Co. (11/18-22)
Sept. 27, 1963 filed $1,200,000 of 6% convertible subordinated debentures due 1976; also 100,000 common to be offered by a stockholder. **Price**—By amendment (max. for stock: $12). **Business**—Manufacture of equipment and tools used in servicing automobiles. **Proceeds**—For debt repayment. **Office**—2101 N. Pitcher St., Kalamazoo, Mich. **Underwriter**—Dempsey-Tegeler & Co., Inc., St. Louis.

● **Allright Auto Parks, Inc. (11/20)**
Sept. 24, 1963 filed $2,000,000 of 6% sinking fund subordinated debentures due 1978, 240,000 common shares and 5-year warrants to purchase an additional 80,000 common, to be offered in units consisting of one $100 debenture, 12 shares and warrants to purchase an additional 4 shares. **Price**—By amendment (max. $230 per unit). **Business** — Operation of 558 parking lots in 40 cities. **Proceeds**—For debt repayment and working capital. **Office**—825 Esperson Bldg., Houston. **Underwriter**—Equitable Securities Corp., Nashville.

Amerel Mining Co. Ltd.
July 31, 1961 filed 400,000 common shares. **Price** 50¢. **Business**—The company is engaged in exploration, development and mining. **Proceeds**—For diamond drilling, construction, exploration and general corporate expenses. **Office**—80 Richmond St., W., Toronto. **Underwriter**—E. A. Manning, Ltd., Toronto.

American Realty Trust (12/2)
Oct. 29, 1963 filed 132,300 shares of beneficial interest to be offered for subscription by stockholders on the basis of one new share for each four held of record Nov. 27, 1963. **Price**—By amendment (max. $11). **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—608 Thirteenth St., N. W., Washington, D. C. **Underwriter**—Stifel, Nicolaus & Co., Inc., St. Louis.

Ampal-American Israel Corp.
Oct. 14, 1963 filed $3,000,000 of 6% sinking fund debentures due 1973. **Price**—At par. **Business**—Investment in companies participating in the economic development of Israel. **Proceeds**—For investment. **Office**—17 E. 71st St., New York. **Underwriter**—Israel Securities Corp. (same address).

Applied Technology, Inc. (12/2-6)
Oct. 28, 1963 filed 54,200 common. **Price**—By amendment (max. $9). **Business**—Manufacture of various types of electronic systems for national defense. **Proceeds**—For selling stockholders. **Office** — 930 Industrial Ave., Palo Alto, Calif. **Underwriter**—Mitchum, Jones & Templeton, Inc., San Francisco.

● **Atlantis International Corp.**
April 30, 1963 filed 100,000 common. **Price**—$4. **Business**—A real estate development company. **Proceeds**—For debt repayment, property improvement, and working capital. **Office**—700 Park Ave., Plainfield, N. J. **Underwriter**—S. Schramm & Co., Inc., New York. **Offering**—Expected in late December.

Balanced Income Fund, Inc.
Oct. 7, 1963 filed 2,000,000 common. **Price** — Net asset value (max. $8.72) plus 8¼%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—120 S. LaSalle St., Chicago. **Underwriter**—Supervised Investors Services, Inc. (same address).

Bank Leumi le-Israel B. M.
Oct. 16, 1963 filed 1,793,750 ordinary shares and 5,147,500 "A" ordinary shares being offered for subscription by stockholders on the basis of one new share for each two like shares held of record Nov. 7. Rights will expire Nov. 25. **Price**—$1.22. **Business**—A general commercial bank. **Proceeds** — To increase capital funds. **Address**—Tel-Aviv, Israel. **Underwriter**—Kuhn, Loeb & Co., Inc., New York.

Bay State Exchange Fund, Inc.
May 29, 1963 filed 10,000 $1 par capital shares to be offered in exchange for certain acceptable securities on the basis of one share for each $25 of deposited securities. Exchange is believed by counsel for the Fund to be tax-free for Federal income tax purposes. **Business**—A closed-end investment company seeking long-term growth of capital and income. **Proceeds** — For investment. **Office**—35 Congress St., Boston. **Underwriter**—Kidder, Peabody & Co., New York. **Note**—The exchange will not be consummated unless $25,000,000 of securities are deposited and accepted. This means that the Fund expects to issue a minimum of 1,000,000 capital shares. **Offering**—Indefinite.

Bergen Drug Co., Inc. (12/2-6)
Oct. 25, 1963 filed $1,250,000 of 5½% convertible subordinated debentures due Oct. 31, 1978; also 125,000 outstanding class A shares to be sold by certain stockholders. **Price**—By amendment. **Business** — Wholesale distribution of ethical drugs, chemicals, cosmetics, etc. **Proceeds** — For debt repayment and working capital. **Office**—138-160 Johnson Ave., Hackensack, N. J. **Underwriter**—F. Eberstadt & Co., New York.

Brantly Helicopter Corp.
July 23, 1963 filed 588,780 common to be offered for subscription by stockholders on the basis of three new shares for each share held. **Price**—50 cents. **Business**—Production of a light two-place helicopter. **Proceeds**—For debt repayment, product development, working capital and other corporate purposes. **Office**—1129 Club House Road, Gladwyne, Pa. **Underwriter**—None.

Brewer (C.) & Co., Ltd.
Sept. 30, 1963 filed 146,735 common being offered for subscription by stockholders on the basis of one share for each five shares held of record Oct. 28. Rights will expire Nov. 15. **Price**—$60. **Business** — Growing and processing of sugar in Hawaii and Puerto Rico, marketing of black strap molasses and other activities. **Proceeds**—For debt repayment. **Office** — 827 Fort St. Honolulu. **Underwriters**—Blyth & Co., Inc., New York, and Butcher & Sherrerd, Philadelphia.

Bridges Investment Fund, Inc. (11/20)
July 25, 1963 filed 200,000 capital shares. **Price**—Net asset value (max. $10). **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—8401 W. Dodge Rd., Omaha. **Underwriter**—None.

Canaveral Hills Enterprises, Inc.
May 10, 1962 filed 100,000 common. **Price**—$5. **Business**—Company was formed to own and operate a country club and golf course, swimming pool and cabana club, near Cape Canaveral, Fla., and develop real estate, erect homes, apartment houses, motels, etc. **Proceeds**—For debt repayment and expansion. **Office**—309 Ainsley Bldg., Miami, Fla. **Underwriter**—Willis E. Burnside & Co., Inc., New York. **Offering**—Indefinite.

Carlon Products Corp.
Oct. 9, 1963 filed 304,293 common to be offered for subscription by stockholders on the basis of three new shares for each five held. **Price**—By amendment (max. $3.50). **Business** — Manufacture of extruded plastic pipe, and molded and fabricated plastic pipe fittings. **Proceeds**—For debt repayment, working capital, and other corporate purposes. **Address**—P. O. Box 133, Aurora, Ohio. **Underwriter**—None.

Castle Hospitality Services, Inc.
Dec. 14, 1962 filed $500,000 of 8% debentures due 1969. **Price**—At par ($1,000). **Business**—Company plans to offer management and consultant services to motels and furnish them with equipment. **Proceeds**—For general corporate purposes. **Office**—1068 S. Ocean Blvd., Pompano Beach, Fla. **Underwriter**—None.

● **Central Mutual Telephone Co., Inc.**
Oct. 11, 1963 filed 38,564 common to be offered for subscription by stockholders on the basis of one new share for each three held. **Price**—$23.50. **Business**—Company furnishes telephone service in Prince William, Stafford and Fairfax Counties, Virginia. **Proceeds**—For construction and loan repayment. **Address**—Manassas, Va. **Underwriter**—Folger, Nolan, Fleming & Co., Inc., Washington, D. C. **Offering**—Indefinite.

Charvos-Carsen Corp.
Oct. 29, 1963 filed 100,000 common. **Price**—$5.50. **Business**—Distribution of engineering, surveying and drafting instruments and supplies. **Proceeds**—For debt repayment. **Office**—50 Colfax Ave., Clifton, N. J. **Underwriter**—Arnold, Wilkens & Co., Inc., New York. **Offering**—Expected in mid-January.

Chemair Corp.
Dec. 28, 1962 filed $150,000 of 6% subordinated income debentures due 1973 and 30,000 common shares to be offered in units consisting of one $10 debenture and two common. **Price**—$12 per unit. **Business**—Production and sale of chemicals designed to control odors, bacterial growth and air pollutants; and development, production and sale of an electronic vaporizing unit for dispensing such chemicals. **Proceeds**—For debt repayment, equipment, sales promotion and working capital. **Office**—221 N. La Salle Street, Chicago. **Underwriter**—To be named. **Note**—This company formerly was named Chemair Electronics Corp. **Offering**—Indefinite.

● **Chestnut Hill Industries, Inc.**
Nov. 29, 1961 filed 300,000 class A common, of which 225,000 are to be offered by the company and 75,000 by stockholders. **Price**—$5. **Business**—Design and manufacture of women's, misses' and junior sportswear, coordinates, and dresses. **Proceeds**—For debt repayment, equipment and working capital. **Office**—2025 McKinley St., Hollywood, Fla. **Underwriter**—Clayton Securities Corp., Boston, Mass. **Note** — This statement was withdrawn.

Citadel Life Insurance Co. of New York
March 26, 1963 filed 40,000 capital shares being offered for subscription by stockholders on the basis of two new shares for each three held of record Oct. 25. Rights will expire Nov. 20. **Price**—$26. **Business**—Writing of life, accident, health and disability insurance, and annuities. **Proceeds**—For expansion. **Office**—444 Madison Ave., New York. **Underwriter** — Alex. Brown & Sons, Baltimore.

Colorado Imperial Mining Co.
Sept. 20, 1962 filed 200,000 common. **Price**—$1. **Business**—General mining. **Proceeds**—For exploration and operating expenses. **Office**—Creede, Colo. **Underwriter**—None.

Common Market Fund, Inc.
March 7, 1963 filed 2,000,000 capital shares. **Price**—Net asset value plus 8.5%. **Business**—A new mutual fund specializing in securities of foreign and American companies operating in the European Common Market. **Proceeds**—For investment. **Office**—9465 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—Kennedy, Cabot & Co. (same address). **Offering**—Indefinite.

Community Health Associations, Inc.
April 12, 1963 filed 150,000 common, of which 100,000 are to be offered by company and 50,000 by Harry E. Wilson, President. **Price**—$15. **Business**—Sale of hospital and surgical insurance contracts. **Proceeds**—For investment, sales promotion, and other corporate purposes. **Office**—4000 Aurora Ave., Seattle, Wash. **Underwriter**—None.

Connecticut Western Mutual Fund, Inc.
Oct. 22, 1963 filed 1,000 common. **Price**—By amendment (max. $1,004). **Business** — A new mutual fund which plans to specialize in insurance securities. **Proceeds**—For investment. **Office**—One Atlantic St., Stamford, Conn. **Underwriter**—Philo Smith & Co., Inc. (same address).

Consumers Cooperative Association
Nov. 4, 1963 filed $9,000,000 of 5½% subordinated certificates of indebtedness due 1988; 120,000 shares of 5½% preferred stock; 40,000 shares of 4% second preferred stock; and 400 common. **Price**—By amendment. **Business**—A cooperative wholesale purchasing and manufacturing association for local farmers' coop's in the midwest. **Proceeds**—For general corporate purposes. **Office**—3315 N. Oak Trafficway, Kansas City. **Underwriter**—None.

Continental Reserve Corp.
May 13, 1963 filed 45,000 class B common. **Price** — $40. **Business** — Company plans to acquire, organize, and manage life, accident and health insurance concerns. **Proceeds**—For investment in subsidiaries. **Office**—114 East 40th St., New York. **Underwriter**—None.

● **Craft Master Corp. (11/18-22)**
Sept. 30, 1963 filed $1,000,000 of 6% convertible subordinated debentures due 1973; also 125,000 common to be offered by stockholders. **Price**—By amendment (max. $11 for common). **Business**—Manufacture of paint-by-number sets, crushed marble mosaic kits, hobby kits and wooden picture frames. **Proceeds**—For debt repayment. **Office**—328 N. Westwood Ave., Toledo. **Underwriters**—Fulton, Reid & Co., Inc., and William T. Robbins & Co., Inc., Cleveland.

Defenders Insurance Co.
Jan. 30, 1963 filed 100,000 common. **Price**—$12.50. **Business**—Company plans to write automobile insurance. **Proceeds**—For general corporate purposes. **Office**—146 Old County Rd., Mineola, N. Y. **Underwriter**—None.

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Deuterium Corp.
Sept. 28, 1962 filed 120,000 common with attached warrants to purchase an additional 120,000 shares to be offered for subscription by holders of its stock and debentures in units (of one share and one warrant) on the basis of 3 units for each 5% prior preferred share held, one unit for each 5% preferred A stock held and 40 units for each $1,200 face amount of non-interest bearing subordinated debentures held. At the same time, the company will offer the securities to the public. **Price**—To subscribers, $20; to public, $22.25. **Business**—Company plans to erect a small size production and experimental plant for the limited manufacture of deuterium and deuterium oxide, and to establish and equip a general research laboratory. **Proceeds**—For working capital, construction equipment and other corporate purposes. **Office**—360 Lexington Ave., N. Y. **Underwriter**—None.

Doman Helicopters, Inc.
April 19, 1962 filed 418,680 common to be offered for subscription by stockholders on the basis of two new shares for each three held. **Price**—By amendment (max. $1.25). **Business**—Research, development and construction of experimental helicopters. **Proceeds**—To obtain certification of models, train service personnel, repay debt, etc. **Address**—Municipal Airport, Danbury, Conn. **Underwriter**—None. **Note**—The SEC has issued a stop order suspending this registration statement.

Dynapower Systems Corp.
Sept. 28, 1962 filed 750,000 common. **Price**—$1. **Business**—Manufacture of electro-mechanical vehicles and electronic devices for medical and marine purposes. **Proceeds**—For working capital, equipment and debt repayment. **Office**—2222 S. Centinela Ave., Los Angeles. **Underwriter**—None.

Eagle's Nest Mountain Estates, Inc.
Sept. 26, 1963 filed 360,000 common, of which 300,000 are to be offered by company and 60,000 by stockholders. **Price** — $4. **Business**—Company plans to develop land for a year-round amusement resort. **Proceeds**—For construction, debt repayment, working capital and other corporate purposes. **Office**—2042 S. Atlantic Ave., Daytona Beach, Fla. **Underwriter**—Alpha Investment Securities, Inc., Atlanta.

Eberstadt Income Fund, Inc.
May 31, 1963 filed 2,000,000 capital shares. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund seeking current income. **Proceeds**—For investment. **Office**—65 Broadway, New York. **Distributor**—F. Eberstadt & Co., Managers & Distributors, Inc., New York.

Electronic Dispenser Corp.
Jan. 29, 1963, filed 50,000 common. **Price**—$2. **Business**—Manufacture of the SAFER Butter Chipping machine, and processing of tray-forming and chip-covering materials. **Proceeds**—For operating expenses, equipment, inventory and advertising. **Office**—118 E. 28th St., New York. **Underwriter**—L. D. Brown & Co., New York. **Offering**—Postponed.

● Elite Theatrical Productions Ltd. (11/25-29)
Sept. 26, 1963 filed 400,000 class A common. **Price** — $5. **Business**—Company plans to operate, produce and finance various types of ventures in the theatrical and entertainment fields. **Proceeds**—For working capital, and other corporate purposes. **Office** — 50 Broadway, New York. **Underwriter**—Linder, Bilotti & Co., Inc., (same address).

Equity Funding Corp. of America
March 29, 1962 filed 240,000 common. **Price**—By amendment (Max. $6.50). **Business**—A holding company for firms selling life insurance and mutual funds. **Proceeds**—For new sales offices, advances to subsidiaries and working capital. **Office**—5150 Wilshire Blvd., Los Angeles. **Underwriter**—To be named. **Note**—This registration will be withdrawn and then refiled.

Fedco Corp.
Oct. 29, 1962 filed 20,000 common, of which 17,500 are to be offered by company and 2,500 by a shareholder. **Price**—By amendment (max. $15). **Business**—Design and manufacture of tools, dies, molds, beryllium castings and the distribution of plastic, metal and glass products for home use. **Proceeds**—For a recession offer to stockholders and reduction of accounts payable. **Office**—3600 W. Pratt Ave., Chicago. **Underwriter**—None.

First Western Real Estate Investment Trust
Oct. 25, 1963 filed 200,000 shares of beneficial interest. **Price** — $5. **Business** — A real estate investment trust. **Proceeds**—For development of real estate. **Office**—2037 Thirteenth St., Boulder, Colo. **Underwriter**—Grondrezick Securities Corp., Boulder, Colo.

Florida Jai Alai, Inc. (11/25-29)
June 28, 1962 filed 300,000 common. **Price**—$5. **Business** — Operation of Jai Alai games and pari-mutuel betting. **Proceeds**—For rent, purchase of leased quarters, building improvements, working capital. **Office** — Fern Park, Fla. **Underwriter**—Consolidated Securities Corp., Pompano Beach, Fla.

Ford Motor Co. (11/20)
Nov. 1, 1963 filed 4,000,000 common. **Price**—By amendment. **Proceeds**—For the selling stockholder, The Ford Foundation. **Address**—American Road, Dearborn, Mich. **Underwriters**—First Boston Corp.; Blyth & Co., Inc.; Goldman, Sachs & Co.; Kuhn, Loeb & Co. Inc.; Lazard Freres & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc.; White, Weld & Co., Inc.; Dean Witter & Co.

Frazure. Hull. Inc.
Aug. 21, 1963 ("Reg. A") 133,333 common. **Price**—$2.25. **Business**—Fruit growing, publishing of a farm newspaper, citrus fruit brokerage and operation of a retail store. **Proceeds**—For expansion of the newspaper working capital and debt repayment. **Address**—West Highway 50-Winter Garden, Fla. **Underwriter**—Prudential Investment Corp., Miami.

● Garan, Inc. (11/25-29)
Nov. 6, 1963 filed 140,000 common, of which 100,000 shares will be sold for the company and 40,000 for certain stockholders. **Price**—By amendment. **Business**—Manufacture of men's and boy's sport shirts. **Proceeds**—For plant expansion and working capital. **Office**—112 West 34th St., New York. **Underwriter**—Bache & Co., New York.

Gas Hills Uranium Co.
Oct. 28, 1963 filed 2,574,772 common. **Price**—At-the-market. **Business** — Company plans to mine for uranium. **Proceeds**—For selling stockholders. **Office**—202-½ So. Second St., Laramie, Wyo. **Underwriter**—None.

Gordon (I.) Realty Corp.
Sept. 27, 1963 filed $2,113,748 of 7% subordinated convertible debentures due 1974 to be offered for subscription by stockholders on the basis of $700 face amount for each 100 common shares held. **Price**—By amendment. **Business**—General real estate. **Proceeds**—For debt repayment, and other corporate purposes. **Office**—112 Powers Bldg., Rochester, N. Y. **Underwriter**—None.

● Great Lakes Homes, Inc. (11/25-29)
Sept. 27, 1963 filed 160,000 common, of which 100,000 will be sold for the company, and 60,000 for stockholders. **Price**—By amendment (max. $10). **Business**—Manufacture of custom-designed, factory built homes. **Proceeds**—For debt repayment and working capital. **Address**—Sheboygan Falls, Wis. **Underwriter**—The Milwaukee Co., Milwaukee, Wis.

Greater Miami Industrial Park, Inc.
Feb. 25, 1963, filed 136,094 common to be offered for subscription by stockholders on the basis of one share for each 4½ shares held. **Price**—$5.50. **Business**—Acquisition and development of real estate. **Proceeds**—For general corporate purposes. **Office**—811 du Pont Plaza Center, Miami, Fla. **Underwriter**—None.

Greater Nebraska Corp.
Feb. 20, 1963, filed 3,000,000 common. **Price**—$2. **Business**—Company plans to operate subsidiaries in the fields of banking, insurance, finance, etc. **Proceeds**—For general corporate purposes. **Office**—1107 Federal Securities Building, Lincoln, Neb. **Underwriter**—None.

Hardeman (Paul) Inc. (12/9-13)
Nov. 4, 1963 filed $7,000,000 of convertible subordinated debentures due 1978. **Price**—By amendment. **Business**—Construction of missile launching bases and related facilities for the Armed Forces, and complex facilities of various types for other government agencies, private industry, and foreign governments. **Proceeds**—For debt repayment. **Address** — Stanton, Calif. **Underwriter**—Hemphill, Noyes & Co., New York.

● Heck's Inc. (11/18-22)
June 12, 1963 refiled 180,000 class A common. **Price**—$2.50. **Business**—Operation of discount stores. **Proceeds**—To provide fixtures and inventory for a new store, and for working capital. **Office**—6400 MacCorkle Ave., S. W., St. Albans, W. Va. **Underwriter**—Charles Plohn & Co., New York.

● Hobam, Inc. (12/9)
Nov. 4, 1963 filed $850,000 of 6% convertible subordinated debentures due Dec. 1, 1973, and 25,500 class A shares to be offered in units consisting of $500 of debentures and 15 shares. **Price**—$510 per unit. **Business**—Manufacture of new equipment principally for the food and drug industries. **Proceeds**—For working capital, and loan repayment. **Office**—1720 Military Rd., Tonawanda, N. Y. **Underwriter**—Doolittle & Co., Buffalo, N. Y.

Holiday Mobile Home Resorts, Inc.
March 27, 1963 filed $1,250,000 of 6½% conv. subord. debentures due 1978, and 75,000 common to be offered in units consisting of $50 of debentures and 3 shares. **Price**—$68 per unit. **Business**—Development and operation of mobile home resorts throughout U. S. **Proceeds**—For debt repayment, construction, and other corporate purposes. **Office**—4344 East Indian School Rd., Phoenix. **Underwriters**—Boettcher & Co., Denver, and J. R. Williston & Beane, New York. **Note**—This statement will not be withdrawn as previously reported, but will be amended.

Horace Mann Life Insurance Co.
Feb. 1, 1963 filed 200,000 common, of which 80,000 are to be offered by company and 120,000 by stockholders. **Price**—$12.50. **Business**—Writing of life, accident and health insurance. **Proceeds**—For general corporate purposes. **Office**—216 E. Monroe St., Springfield, Ill. **Underwriter**—Horace Mann Investors Inc., (same address).

● Imperial '400' National Inc. (12/9-13)
Oct. 29, 1963 filed $1,150,000 of 6½% convertible subordinated debentures due 1978 and 69,000 common to be offered in units, each consisting of $100 of debentures to be offered by the company and six common by the stockholders. **Price**—By amendment. **Business**—Development and operation of a chain of motels. **Proceeds**—For working capital. **Office**—460 Sylvan Ave., Englewood Cliffs, N. J. **Underwriter**—P. W. Brooks & Co., Inc., New York.

Industrial Electronetics Corp.
Oct. 25, 1963 ("Reg. A") 25,000 common. **Price** — $12. **Business**—Design, manufacture and sale of specialized electronic instruments and devices. **Proceeds** — For loan repayment, equipment, sales promotion, new products, inventory and working capital. **Address**—Third & B St., Melbourne, Fla. **Underwriter**—Hampstead Investing Corp., New York.

Insurance City Life Co.
Oct. 29, 1963 filed 494,100 capital shares to be offered for subscription by stockholders of record Feb. 26, 1963 on a share-for-share basis. **Price**—$3.25. **Business**—General insurance. **Proceeds** — For expansion. **Office** — 919 N. Michigan Ave., Chicago. **Underwriter**—None.

Insurance Securities, Inc.
Oct. 24, 1963 filed 1,000,000 class A common. **Price**—$5. **Business** — Company plans to acquire or organize life, accident and health insurance subsidiaries. **Proceeds**—For debt repayment, advances to a subsidiary and investment. **Office**—19 Molton St., Montgomery, Ala. **Underwriter**—Investor Services, Inc. (same address).

International Data Systems, Inc.
Aug. 2, 1963 ("Reg. A") 11,000 common to be offered for subscription by stockholders on a pro-rata basis. **Price**—At-the-market. **Business**—Development, design and manufacture of electronic devices. **Proceeds**—For a selling stockholder. **Office**—2925 Merrell Rd., Dallas. **Underwriter**—A. G. Edwards & Sons, St. Louis. **Offering**—Indefinitely postponed.

● International Life Insurance Co. of Buffalo
Sept. 26, 1963 field 125,300 capital shares being offered for subscription by stockholders on the basis of one new share for each four held of record Nov. 12. Rights will expire Dec. 5. **Price**—$21. **Business**—Sale of various forms of life insurance and annuities. **Proceeds**—For investment and expansion of operations. **Office** — 120 Delaware Ave., Buffalo, N. Y. **Underwriter**—None.

Intra State Telephone Co.
Sept. 5, 1963 filed 8,983 common being offered for subscription by stockholders on the basis of two new shares for each five held of record Oct. 21. Rights will expire Nov. 16. **Price**—$100. **Business**—Company, 36.8% owned by Illinois Bell Telephone, furnishes telephone service in Illinois. **Proceeds**—For loan repayment, and other corporate purposes. **Office**—100 North Cherry St., Galesburg, Ill. **Underwriter**—None. **Note**—This statement has become effective.

Investors Inter-Continental Fund, Inc.
July 3, 1963 filed 3,000,000 capital shares. **Price**—Net asset value plus 7½%. **Business**—A new mutual fund which will succeed to business of Investors Group Canadian Fund Ltd., and invest in securities throughout the Free World. **Proceeds**—For investment. **Address**—1000 Roanoke Bldg., Minneapolis. **Distributor**—Investors Diversified Services, Inc. (same address).

Investors Realty Trust
May 31, 1962 filed 200,000 shares. **Price** — $10. **Business**—A real estate investment trust. **Proceeds** — For construction and investment. **Office** — 3315 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—None.

Israfund-Israel Fund, Inc.
July 29, 1963 filed 300,000 common. **Price**—$10. **Business**—Fund plans to own stock of companies which will invest in securities of Israeli enterprises. **Proceeds**—For investment. **Office**—17 East 71st St., New York. **Underwriter**—Israel Securities Corp., (same address).

Israel American Diversified Fund, Inc.
April 22, 1963 filed 550,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund specializing in Israeli and American securities. **Proceeds**—For investment. **Office**—54 Wall St., New York. **Distributor**—Israel Fund Distributors, Inc. (same address). **Offering**—Expected in late November.

● Israel Baby Food Co. Ltd. (11/25-29)
Sept. 12, 1963 filed $190,000 of 8% subordinated debentures due 1975 and 14,000 8% preferred ordinary shares. **Price**—For debentures, $100; for stock $10. **Business**—Company plans to prepare and market baby food in Israel and abroad. **Proceeds**—For loan repayment, construction, equipment, and other corporate purposes. **Address**—Givat Brenner, Israel. **Underwriter**—Brager & Co., New York.

Israel Fund, Inc.
July 18, 1963 filed 500,000 common. **Price**—$12.50. **Business**—A closed-end investment company which plans to invest in Israeli firms. **Proceeds**—For investment. **Office**—4200 Hayward Ave., Baltimore. **Underwriter**—Investors Planning Corp. of America, New York.

Israel Investors Corp.
Sept. 26, 1963 filed 100,000 common. **Price**—$104. **Business**—A closed-end investment company engaged in investing in private industries located in Israel. **Proceeds**—For investment. **Office** — 850 Third Ave., New York. **Underwriter**—None.

"Isras" Israel-Raasco Investment Co., Ltd.
June 28, 1963 filed 60,000 ordinary shares. **Price**—$55. **Business**—A real estate development company which also owns citrus plantations. **Proceeds**—For general corporate purposes. **Address**—Tel-Aviv, Israel. **Underwriter**—Rassco of Delaware Inc., New York.

Jade Oil & Gas Co.
Oct. 28, 1963 filed $2,500,000 of 6½% convertible subordinated debentures (with warrants). **Price**—At par. **Business**—Production of oil and gas primarily in California, Texas and Louisiana. **Proceeds**—For debt repayment, exploration and development, working capital and other corporate purposes. **Office**—9107 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—Hannaford & Talbot, San Francisco. **Offering**—Expected in mid-December.

Janus Fund, Inc.
April 10, 1963 filed 500,000 capital shares. **Price** — Net asset value plus 8½%. **Business**—A new mutual fund seeking capital appreciation. **Proceeds**—For investment. **Office**—467 Hamilton Ave., Palo Alto, Calif. **Underwriter**—Mutual Fund Distributors, Inc. (same address).

● Juniper Spur Ranch, Inc. (11/25-29)
May 27, 1963 ("Reg. A") 300,000 common. **Price** — $1. **Business**—Construction of a gasoline and diesel oil filling station, a restaurant and allied facilities. **Proceeds**—For general corporate purposes. **Underwriter** — V. E. Anderson & Co., Newhouse Bldg., Salt Lake City.

Kentucky Fried Chicken, Inc.
Sept. 27, 1963 filed 25,000 class A voting, and 25,000 class B non-voting common. **Price**—$10. **Business**—Company franchises certain restaurants in the U. S. to prepare and sell Kentucky Fried Chicken. It also sells or leases equipment used in preparation of this item. **Proceeds** — For the selling stockholder, Harland Sanders, Chairman. **Address**—Box 67, Shelbyville, Shelby County, Ky. **Underwriter**—None.

Key Finance Corp.
June 7, 1963 filed 80,000 common. **Price**—By amendment (max. $5). **Business**—Operation of a small loan business in Puerto Rico. **Proceeds**—For loan repayment, expansion and other corporate purposes. **Address**—Rio Piedras, Puerto Rico. **Underwriter**—Myron A. Lomasney & Co., New York. **Offering**—Imminent.

Kinemotive Corp.
Oct. 29, 1963 filed 50,000 common. **Price**—$6.50. **Business**—Design, manufacture and sale of deposited metal bellows and basic assemblies therefor. **Proceeds**—For equipment, sales promotion, and working capital. **Office** — 2 Engineers Lane, Farmingdale, N. Y. **Underwriter**—Andresen & Co., New York.

Krasnow Industries, Inc.
June 28, 1963 filed 125,000 common. **Price**—By amendment (max. $5). **Business**—Volume manufacture of inexpensively priced men's and children's belts. **Proceeds**—For debt repayment, sales promotion, and other corporate purposes. **Office**—33-00 Northern Blvd., Long Island City, N. Y. **Underwriter**—T. W. Lewis & Co., Inc., New York. **Offering**—Indefinite.

Life Affiliates Corp. (11/18-22)
Oct. 14, 1963 ("Reg. A") 55,000 class A common. **Price**—$5. **Business**—Company is an operating, holding and management company specializing in the life insurance industry. **Proceeds**—For working capital. **Office**—40 Exchange Place, N. Y. **Underwriter** — First Philadelphia Corp., New York.

● **Life Insurance Co. of Florida (11/20)**
Aug. 16, 1963 filed 200,000 common. **Price** — By amendment (max. $6). **Business** — Writing of industrial life, accident and health insurance as well as ordinary life insurance. **Proceeds**—For investment and eventual expansion. **Office**—2960 Coral Way, Miami. **Underwriter**—Pierce, Wulbern, Murphey, Inc., Jacksonville.

Logos Options, Ltd.
April 11, 1962 filed 250,000 capital shares. **Price** — By amendment (max. $10). **Business**—A diversified closed-end investment company. **Proceeds**—For investment. **Office**—26 Broadway, N. Y. **Underwriter**—Filor, Bullard & Smyth, N. Y. **Note**—This company formerly was named Logos Financial, Ltd. **Offering**—Indefinite.

Lunar Films, Inc.
Aug. 31, 1961 filed 125,000 common. **Price**—$5.75. **Business**—The production of television films. **Proceeds**—For filming and production and working capital. **Office**—543 Madison Ave., New York. **Underwriter** — Ingram, Lambert & Stephen, Inc., 50 Broad St., New York. **Offering**—Indefinite.

Mahoning Corp.
July 26, 1963 filed 200,000 common. **Price**—$3. **Business**—Company plans to engage in the exploration and development of Canadian mineral properties. **Proceeds**—For general corporate purposes. **Address**—402 Central Tower Bldg., Youngstown, Ohio. **Underwriter**—None.

Marshall Press, Inc.
May 29, 1962 filed 60,000 common. **Price**—$3.75. **Business**—Graphic design and printing. **Proceeds**—For publishing a sales catalogue, developing a national sales staff and working capital. **Office**—812 Greenwich St., N. Y. **Underwriter**—To be named. **Offering**—Indefinitely postponed.

Macco Realty Co. (11/25-29)
Oct. 30, 1963 filed $4,000,000 of convertible subordinated debentures due 1978. **Price**—By amendment. **Business**—Residential real estate development. **Proceeds**—For debt repayment. **Office**—7844 E. Rosencrans Ave., Paramount, Calif. **Underwriters**—Kidder, Peabody & Co., Inc., New York and Mitchum, Jones & Templeton Inc., Los Angeles.

● **Masco Corp. (11/19)**
Nov. 1, 1963 filed 200,000 common. **Price**—By amendment (max. $20). **Business**—Manufacture of plumbing valves and fittings, automotive parts, and pre-shool-age toys. **Proceeds**—For selling stockholders. **Office**—2400 Buhl Bldg., Detroit. **Underwriter**—Smith, Barney & Co. Inc., New York.

Massachusetts Electric Co. (12/4)
Oct. 21, 1963 filed $10,000,000 of first mortgage bonds, series H, due Dec. 1, 1993. **Proceeds**—For loan repayment. **Office**—441 Stuart St., Boston. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co.; Blyth & Co.-White, Weld & Co. (jointly). **Bids**—Dec. 4 (11 a.m. EST) at above address. **Information Meeting**—Nov. 27 (11 a.m. EST) at above address.

Medic Corp.
Feb. 28, 1963, filed 1,000,000 class B common. **Price**—$1.25. **Business**—A holding company for three life insurance firms. **Proceeds**—For loan repayment, operating expenses, and investment in other insurance concerns. **Address**—714 Medical Arts Bldg., Oklahoma City. **Underwriter**—Lincoln Securities Corp. (same address).

Medical Industries Fund, Inc.
Oct. 23, 1961 filed 25,000 common. **Price**—$10. **Business**—A closed-end investment company which plans to become open-end. **Proceeds** — For investment in the medical industry and capital growth situations. **Office**—677 Lafayette St., Denver. **Underwriter** — Medical Associates, Inc. Denver.

● **Mid-Continent Telephone Corp. (11/18)**
Oct. 17, 1963 filed 150,000 common. **Price**—By amendment. **Business**—Through subsidiaries, the company provides telephone service to 104 communities in Ohio. **Proceeds**—For loan repayment. **Office**—363 Third St., Elyria, O. **Underwriter**—The Ohio Co., Columbus.

● **Middlesex Water Co. (12/3)**
June 5, 1963 filed 35,000 common. **Price**—By amendment (max. $36). **Business**—Collecting and distributing water in certain areas of New Jersey. **Proceeds**—For debt repayment. **Office**—52 Main St., Woodbridge, N. J. **Underwriter**—Kidder, Peabody & Co., Inc., New York.

Midwest Technical Development Corp.
Feb. 26, 1962 filed 561,500 common to be offered for subscription by stockholders on the basis of one share for each two shares held. **Price**—By amendment (max. $7). **Business**—A closed-end management investment company. **Proceeds**—For general corporate purposes. **Office**—2615 First National Bank Bldg., Minneapolis. **Underwriter**—None.

● **Missouri National Life Insurance Co. (11/19)**
Sept. 27, 1963 filed 103,500 capital shares. **Price** — By amendment (max. $6). **Business**—Writing of life, accident and health insurance policies. **Proceeds**—For an acquisition and working capital. **Office** — 1006 Grand Ave., Kansas City, Mo. **Underwriter**—Sterling, Grace & Co., New York.

Mobile Home Parks Development Corp.
Jan. 28, 1963 filed 1,250,000 common. **Price**—$2.50. **Business**—Company plans to develop mobile homes, parks and residential and commercial real estate. **Proceeds**—For general corporate purposes. **Office**—82 Baker St., Atlanta. **Underwriter**—Overseas Investment Service, Seville, Spain.

● **Mott's Super Markets, Inc.**
Nov. 1, 1963 filed 100,000 common. **Price**—By amendment (max. $15). **Business**—Operation of super markets and liquor package stores in Conn. **Proceeds**—For working capital. **Office**—59 Leggett St., East Hartford, Conn. **Underwriter** — W. C. Langley & Co., New York. **Offering**—In early December.

Municipal Investment Trust Fund, Series B
April 28, 1963 filed $10,000,000 (10,000 units) of interests. **Price**—To be supplied by amendment. **Business**—The fund will invest in tax-exempt bonds of states, counties municipalities and territories of the U. S. **Proceeds**—For investment. **Sponsor** — Ira Haupt & Co., 111 Broadway, New York. **Offering**—Expected in early 1964.

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NEW ISSUE CALENDAR

November 18 (Monday)
Allen Electric & Equipment Co. — Debentures
(Dempsey-Tegeler & Co., Inc.) $1,200,000
Allen Electric & Equipment Co. — Common
(Dempsey-Tegeler & Co., Inc.) 100,000 shares
Craft Master Corp. — Common
(Fulton, Reid & Co., Inc., and William T. Robbins & Co., Inc.) 125,000 shares
Craft Master Corp. — Debentures
(Fulton, Reid & Co., Inc., and William T. Robbins & Co., Inc.) $1,000,000
Heck's, Inc. — Common
(Charles Plohn & Co.) $450,000
Life Affiliates Corp. — Common
(First Philadelphia Corp.) $275,000
Mid-Continent Telephone Corp. — Common
(The Ohio Co.) 150,000 shares
Pacific Northwest Bell Telephone Co. — Common
(Offering to stockholders—no underwriting) $32,363,750
Ramo, Inc. — Debentures
(First Nebraska Securities Corp.) $2,000,000
Ultronic Systems Corp. — Common
(Bache & Co.) 150,000 shares

November 19 (Tuesday)
Masco Corp. — Common
(Smith, Barney & Co., Inc.) 200,000 shares
Missouri National Life Insur. Co. — Capital Shares
(Sterling, Grace & Co.) 103,500 shares
New England Power Co. — Bonds
(Bids 12 noon EST) $10,000,000
New England Power Co. — Preferred
(Bids 11 a.m. EST) $10,000,000
Okliana Corp. — Units
(Equity Underwriters, Inc.) $3,500,000

November 20 (Wednesday)
Allright Auto Parks, Inc. — Units
(Equitable Securities Corp) 20,000 units
Atlantic Coast Line RR. — Equip. Trust Ctfs.
(Bids 12 noon EST) $3,390,000
Bridges Investment Fund, Inc. — Capital Shares
(No underwriting) 200,000 shares
Ford Motor Co. — Common
(First Boston Corp.; Blyth & Co., Inc.; Goldman, Sachs & Co.; Kuhn, Loeb & Co., Inc.; Lazard Freres & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc.; White, Weld & Co., Inc., and Dean Witter & Co.) 4,000,000 shares
Life Insurance Co. of Florida — Common
(Pierce, Wulbern, Murphey, Inc.) 200,000 shares
Puget Sound Power & Light Co. — Bonds
(Merrill Lynch, Pierce, Fenner & Smith Inc., and Blyth & Co., Inc.) $40,000,000
Ralston Purina Co. — Debentures
(Kidder, Peabody & Co., Inc., and Goldman, Sachs & Co.) $35,000,000
Union Electric Co. — Preferred
(Bids 12 noon EST) 200,000 shares
Union Electric Co. — Bonds
(Bids 11 a.m. EST) $30,000,000

November 22 (Friday)
Ryder System, Inc. — Debentures
(Offering to stockholders—underwritten by Blyth & Co., Inc.) $5,500,000

November 25 (Monday)
Elite Theatrical Productions Ltd. — Common
(Linder, Bilotti & Co., Inc.) $2,000,000
Florida Jai Alai, Inc. — Common
(Consolidated Securities Corp.) $1,500,000
Garan, Inc. — Common
(Bache & Co.) 100,000 shares
Great Lakes Homes, Inc. — Common
(The Milwaukee Co.) 160,000 shares
Israel Baby Food Co., Ltd. — Debentures
(Brager & Co.) $190,000
Israel Baby Food Co., Ltd. — Ordinary Shares
(Brager & Co.) $140,000
Juniper Spur Ranch, Inc. — Common
(V. E. Anderson & Co.) $300,000
Macco Realty Co. — Debentures
(Kidder, Peabody & Co., Inc., and Mitchum, Jones & Templeton Inc.) $4,000,000
Natural Gas & Oil Producing Co. — Common
(Peter Morgan & Co.) $900,000
Security Title & Guaranty Co. — Common
(Offering to stockholders—underwritten by New York Hanseatic Corp.) 125,000 shares

November 27 (Wednesday)
Shippers Dispatch Co. — Common
(Francis I. duPont, A. C. Allyn, Inc.) 150,000 shares

December 2 (Monday)
American Realty Trust — Ben. Int.
(Offering to stockholders—underwritten by Stifel, Nicolaus & Co., Inc.) 132,300 shares
Applied Technology, Inc. — Common
(Mitchum, Jones & Templeton, Inc.) 54,200 shares
Bergen Drug Co., Inc. — Debentures
(F. Eberstadt & Co.) $1,250,000
Bergen Drug Co., Inc. — Class A
(F. Eberstadt & Co.) 125,000 shares
Great Southwest Corp. — Common
(Glore, Forgan & Co.) 275,000 shares
Nationwide Corp. — Common
(Kuhn, Loeb & Co., Inc., and J. C. Bradford & Co., Inc.) 1,750,000 shares
Pocono Downs, Inc. — Units
(Suplee, Yeatman, Mosley Co., Inc.) $4,375,000

December 3 (Tuesday)
Middlesex Water Co. — Common
(Kidder, Peabody & Co., Inc.) 35,000 shares
Pacific Northwest Bell Tel. Co. — Debentures
(Bids 11 a.m. EST) $50,000,000
Tennessee Gas Transmission Co. — Bonds
(Stone & Webster Securities Corp.; White, Weld & Co. and Halsey, Stuart & Co. Inc.) $35,000,000
Tennessee Gas Transmission Co. — Preferred
(Stone & Webster Securities Corp. and White, Weld & Co.) 150,000 shares

December 4 (Wednesday)
Clark Equipment Credit Corp. — Debentures
(Blyth & Co., Inc., and Lehman Brothers) $20,000,000
Massachusetts Electric Co. — Bonds
(Bids to be received) $10,000,000
New York Central RR. — Equip. Trust Ctfs.
(Bids 12 noon EST) $3,600,000

December 9 (Monday)
Hardeman (Paul) Inc. — Debentures
(Hemphill, Noyes & Co.) $7,000,000
Hobam, Inc. — Units
(Doolittle & Co.) $867,000
Imperial '400' National Inc. — Units
(P. W. Brooks & Co., Inc.) 11,500 units

December 10 (Tuesday)
Northern Pacific Ry. — Equip. Trust Ctfs.
(Bids 12 noon EST) $6,840,000
Virginia Electric & Power Co. — Bonds
(Bids 11 a.m. EST) $30,000,000

December 11 (Wednesday)
Consolidated Edison Co. of New York — Bonds
(Bids 11 a.m. EST) $75,000,000

December 12 (Thursday)
Texas & Pacific Ry. — Equip. Trust Ctfs.
(Bids 12 noon CST) $2,700,000

December 17 (Tuesday)
Midwestern Gas Transmission Co. — Common
(No underwriting) 50,000 shares

December 23 (Monday)
San Morcol Pipeline, Inc. — Units
(Milburn, Cochran & Co., Inc., and Midland Securities Co., Inc.) $300,000

January 7, 1964 (Tuesday)
Missouri Pacific RR. — Equip. Trust Ctfs.
(Bids 12 noon CST) $6,600,000
New York Telephone Co. — Bonds
(Bids to be received) $130,000,000

January 14, 1964 (Tuesday)
Narragansett Electric Co. — Bonds
(Bids to be received) $5,000,000

January 20, 1964 (Monday)
Musicaro Brothers, Inc. — Common
(Fleetwood Securities Corp. of America) $300,000

February 25, 1964 (Tuesday)
Southern California Edison Co. — Bonds
(Bids 8:30 a.m. PST) $60,000,000

March 10, 1964 (Tuesday)
Potomac Edison Co. — Bonds
(Bids 10 a.m. EST) $12,000,000

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● Musicaro Brothers, Inc. (1/20-24/64)
Oct. 29, 1963 filed 50,000 common. **Price**—$6. **Business**—Production of Italian style frozen foods. **Proceeds**—For general corporate purposes. **Office**—40 Brooklyn Ave., Massapequa, N. Y. **Underwriter** — Fleetwood Securities Corp. of America, New York.

National Equipment & Plastics Corp.
Sept. 28, 1961 filed 105,000 common. **Price**—$5. **Business**—Operation of a cleaning and pressing plant and affiliated stores. **Proceeds**—For debt repayment, store expansion and working capital. **Address**—Portage, Pa. **Underwriter**—Cortlandt Investing Corp., N. Y. **Note**—This registration will be withdrawn.

National Fence Manufacturing Co., Inc.
Nov. 29, 1962 filed 100,000 common. **Price**—$8.75. **Business**—Manufacture of galvanized chain link fence, welded concrete reinforcing fabric, gates and related products. **Proceeds**—For construction of a plant in Ireland, and working capital. **Office**—4301 46th St., Bladensburg, Md. **Underwriter**—Netherlands Securities Co., New York. **Note**—This registration will be withdrawn.

National Memorial Estates
Oct. 11, 1962 filed 4,750,000 common. **Price** — $1. **Business** — Company plans to engage in cemetery development and to establish and operate a life and disability insurance concern. **Proceeds**—For general corporate purposes. **Office**—13 S. Broadway, Red Lodge, Mont. **Underwriter**—Security Brokerage Co., Billings, Mont.

National Mortgage Corp., Inc.
Dec. 28, 1962 refiled $8,000,000 face amount certificates (series 20) and 300,000 common shares. **Price**—For certificates, $762; for stock, $1.15. **Business**—A mortgage loan company. **Proceeds** — For general corporate purposes. **Office** — 113 S. Hydraulic, Wichita, Kan. **Underwriter**—National Mortgage Agency, Inc., (same address). **Note**—This offering will be made only in the State of Kansas.

Nationwide Corp. (12/2-6)
Nov. 1, 1963 filed 1,250,000 class A and 500,000 class B common. **Price**—By amendment (max. $17.50). **Business**—A holding company, primarily for life insurance concerns. **Proceeds** — For prepayment of bank loans, and expansion. **Office** — 246 North High St., Columbus, O. **Underwriters**—Kuhn, Loeb & Co., Inc., and J. C. Bradford & Co., Inc., Nashville.

Natural Gas & Oil Producing Co. (11/25-29)
Sept. 7, 1962 filed 180,000 class A common. **Price**—$5. **Business**—Production of natural gas and oil. **Proceeds**—For drilling expenses, working capital and other corporate purposes. **Office**—Tekoil Bldg., Oklahoma City **Underwriter**—Peter Morgan & Co., N. Y.

New Campbell Island Mines Ltd.
Oct. 13, 1961 filed 475,000 common, of which 400,000 are to be offered by the company and 75,000 by a stockholder. **Price**—50 cents. **Business**—Exploration, development and mining. **Proceeds**—General corporate purposes **Office**—90 Industry St., Toronto, Canada. **Underwriter**—A. C. McPherson & Co., Toronto.

New England Power Co. (11/19)
Oct. 7, 1963 filed $10,000,000 of first mortgage bonds due Nov. 1, 1993. **Proceeds** — For loan repayment and construction. **Office**—441 Stuart St., Boston. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers-Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.-Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler-Paribas Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly); First Boston Corp. **Bids**—Nov. 19 (12 noon EST), at above address. **Information Meeting**—Nov. 14 (11 a.m. EST) at above address.

New England Power Co. (11/19)
Oct. 7, 1963 filed 100,000 preferred (par $100). **Proceeds**—For loan repayment and construction. **Office** — 441 Stuart St., Boston. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Dean Witter & Co.-Smith, Barney & Co.- Wertheim & Co. (jointly); Equitable Securities Corp.-Kidder, Peabody & Co.-Lee Higginson Corp.-White, Weld & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc.-Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Nov. 19 (11 a.m. EST) at above address. **Information Meeting**—Nov. 14 (11 a.m. EST) at above address.

New World Fund, Inc.
Feb. 21, 1963, filed 250,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—4680 Wilshire Blvd., Los Angeles. **Underwriter** — New World Distributing Co (same address).

Nordon Corp. Ltd.
July 29, 1963 filed 60,085 capital shares. **Price** — By amendment (max. $3.25). **Business**—Acquisition of oil and gas properties, and the production of crude oil and natural gas. **Proceeds**—For selling stockholders. **Office**—5455 Wilshire Blvd., Los Angeles. **Underwriter**—Gregory-Massari, Inc., Los Angeles. **Offering**—Indefinite.

Northwest Hydrofoil, Inc.
Sept. 3, 1963 ("Reg. A") 60,000 common. **Price** — $5. **Business** — Design, construction, sale and operation of hydrofoil vessels. **Proceeds**—For working capital, office expansion and other corporate purposes. **Office** — 428 White-Henry-Stuart Bldg., Seattle, Wash. **Underwriter**—Henry D. Tallmadge Co., Seattle.

Nuclear Science & Engineering Corp.
March 29, 1962 filed 100,000 common. **Price**—By amendment (max. $15). **Business**—Research and development on contracts using radioactive tracers; precision radioactivity measurement; production of radioactive isotopes and the furnishing of consulting and radiation measurement services. **Proceeds**—For equipment, debt repayment, expansion and working capital. **Address**—P. O. Box 10901, Pittsburgh. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Note**—This registration will be withdrawn.

Nuveen Tax-Exempt Bond Fund, Series 6
Nov. 1, 1963 filed 150,000 units of interest in the Fund. **Price**—By amendment. **Business**—The Fund plans to invest in government and municipal obligations believed to be exempted from Federal income taxes. **Proceeds**—For investment. **Office**—135 So. LaSalle St., Chicago. **Sponsor**—John Nuveen & Co. (same address).

● Okliana Corp. (11/19)
Sept. 12, 1963 filed 500,000 common and 500,000 preferred ($6 par); to be offered in units of five preferred and five common shares. **Price**—$35 per unit. **Business**—Company plans to engage in the life insurance business through the formation of two subsidiaries, or through the purchase of stock in an existing insurance company. **Proceeds**—For acquisition of above stock, loan repayment and working capital. **Office**—2201 Northwest 41st St., Oklahoma City. **Underwriter**—Equity Underwriters, Inc. (same address).

Outlet Mining Co., Inc.
Feb. 28, 1962 filed 900,000 common. **Price**—$1. **Business**—Mining. **Proceeds**—For equipment and working capital. **Address**—Creede, Colo. **Underwriter**—None.

Pacific Mines, Inc.
July 24, 1963 filed 100,000 common. **Price**—$1.50. **Business**—Company plans to explore iron deposits on its property. **Proceeds**—For mining operations, debt repayment and operating expenses. **Office**—1218 N. Central Ave., Phoenix. **Underwriter**—None.

● Pacific Northwest Bell Telephone Co. (11/18)
Oct. 28, 1963 filed 1,903,750 common to be offered for subscription by stockholders on the basis of one new share for each 16 held of record Nov. 18. Rights will expire Dec. 16. **Price**—$17. **Business**—Furnishing of telephone service in Washington, Oregon and Idaho. **Proceeds**—To repay advances from parent, A. T. & T. **Office**—1200 Third Ave., Seattle. **Underwriter**—None.

● Pacific Power & Light Co.
Sept. 27, 1963 filed 718,354 common being offered for subscription by stockholders on the basis of one share for each 20 shares held of record Oct. 30, 1963. Rights will expire Dec. 5, 1963. **Price**—$23.75. **Proceeds**—For debt repayment. **Office**—920 S. W. Sixth Ave., Portland, Ore. **Underwriters**—Blyth & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.; and Paribas Corp., New York.

Peerless Insurance Co.
Oct. 18, 1963 filed 565,218 capital shares to be offered for subscription by stockholders on the basis of one new share for each share held of record Oct. 3. **Price**—$8. **Business**—Company writes various types of insurance including accident and health insurance, automobile insurance, workmen's compensatoin insurance and property damage insurance. **Proceeds**—For investment. **Office**—62 Maple Ave., Keene, N. H. **Underwriter**—None.

People's Insurance Co.
Oct. 3, 1963 filed 100,000 common. **Price**—$10. **Business**—Company plans to engage in the writing of general liability insurance, including automobile, property damage and personal injury. **Proceeds**—To increase capital and surplus. **Office**—307 Lenox Ave., New York. **Underwriter**—None.

● Pocono Downs, Inc. (12/2-6)
Sept. 10, 1963 filed $2,500,000 of 6½% subordinated sinking fund debentures due 1978, 375,000 common and 250,000 warrants to purchase additional common, to be offered in units consisting of one $100 debenture, 15 shares and warrants to purchase an additional 10 shares. **Price**—$175 per unit. **Business**—Company plans to operate a harness racing track in Luzerne County, Pa. **Proceeds**—For construction, and loan repayment. **Address** — 504 First National Bank Bldg., Wilkes-Barre, Pa. **Underwriter**—Suplee, Yeatman, Mosley Co., Inc., Philadelphia.

Princeton Research Lands, Inc.
March 28, 1963 filed 40,000 common. **Price**—$25. **Business**—Purchase and sale of real property, chiefly unimproved land. **Proceeds**—For debt repayment, and acquisition of additional properties. **Office**—195 Nassau St., Princeton, N. J. **Underwriter**—None.

Provident Stock Fund, Inc.
April 11, 1963 filed 1,000,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—316 North Fifth St., Bismarck, N. D. **Underwriter** — Provident Management Co (same address).

Puget Sound Power & Light Co. (11/20)
Oct. 25, 1963 filed $40,000,000 of first mortgage bonds due Nov. 1, 1993. **Price**—By amendment. **Business**—Furnishing of electric service in the Puget Sound-Cascade region of Washington. **Proceeds** — To redeem the outstanding 5½% bonds due 1989 and the 5⅜s of 1990. **Address**—Bellevue, Wash. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc., and Blyth & Co., Inc., New York.

Quality National Corp.
Sept. 16, 1963 filed 200,000 class A common. **Price** — $5. **Business**—Company plans to form a subsidiary life insurance company. **Proceeds**—For general corporate purposes. **Office**—2904 Georgian Court, Lincoln, Neb. **Underwriter**—None.

Racon Inc.
Oct. 3, 1963 filed 1,250,000 common. **Price**—$1. **Business**—Company plans to manufacture fluorocarbons for sale to refrigerant wholesalers, the aerosol industry and other users. **Proceeds** — For construction of a new plant and working capital. **Office**—11 North Jackson St., Houston. **Underwriter**—None.

Ralston Purina Co. (11/20)
Nov. 1, 1963 filed $35,000,000 of sinking fund debentures due 1988. **Price**—By amendment. **Business**—Production of commercial animal and poultry feeds, the sale of soybean oil, and grain merchandising. **Proceeds**—For equipment, additional inventonries and working capital. **Address**—Checkerboard Square, St. Louis. **Underwriters**—Kidder, Peabody & Co., Inc., and Goldman, Sachs & Co., New York.

● Ramo Inc. (11/18-22)
Sept. 16 1963 filed $2,000,000 of 6¼% subord. sinking fund debens. Due Oct. 1, 1975. **Price**—At par. **Business**—Company processes domestic and imported nutmeats for sale to food distributors, supermarket chains and other wholesale outlets. **Proceeds**—For construction of a new plant, and working capital. **Address**—84th St., and West Dodge Rd., Omaha, Nebr. **Underwriter**—First Nebraska Securities Corp., Lincoln, Nebr.

Rassco Plantations Ltd.
Aug. 27, 1963 filed 400,000 ordinary shares. **Price**—By amendment (max. $3.166). **Business** — Company cultivates, processes and markets citrus fruits in Israel. **Proceeds**—For selling stockholder. **Address**—Tel-Aviv, Israel. **Underwriter**—Rassco of Delaware, Inc., New York. **Offering**—Expected in December.

Recreation Industries, Inc.
Nov. 23, 1962 ("Reg. A") 75,000 common. **Price** — **$2. Business**—Sale of travel and entertainment. **Proceeds**—For capital investment, and working capital. **Office**—411 West 7th St., Los Angeles. **Underwriter**—Costello, Russotto & Co., Beverly Hills, Calif. **Offering**—Indefinite.

Research Capital Corp.
Sept. 3, 1963 filed 400,000 common. **Price**—$12.50. **Business**—A small business investment company. **Proceeds**—For investment. **Office**—2909 Bay-to-Bay, Tampa. **Underwriter**—Hensberry & Co., St. Petersburg, Fla.

Resort Corp. of Missouri
Nov. 27, 1962 filed 125,000 class A common and three-year warrants to purchase 1,250 class A shares to be offered in units consisting of four shares and one warrant. **Price**—$32 per unit. **Business**—Company will erect and operate a luxury hotel and resort facilities, and sell 80 acres of land for home sites. **Proceeds**—For construction. **Office**—3615 Olive St., St. Louis. **Underwriter** — R. L. Warren Co., St. Louis. **Offering**—Indefinite.

Retirement Foundation, Inc.
April 8, 1963 filed 100,000 memberships in the Foundation. **Price**—$10 per membership. **Business**—Company will operate retirement centers for the use of rent-free private homes and apartments by members upon their retirement. **Proceeds**—For working capital, construction and other corporate purposes. **Office**—235 Lockerman St., Dover, Del. **Underwriter**—John D. Ferguson, Dover, Del. **Offering**—Indefinite.

Riviere Realty Trust
Oct. 22, 1963 filed 2,000 shares of beneficial interest. **Price**—$1,000. **Business**—Company plans to operate as a real estate investment trust. **Proceeds**—For investment. **Office**—1832 M St., N. W., Washington, D. C. **Underwriter**—Riviere, Marsh & Berens Securities Corp., Washington, D. C.

San Morcol Pipeline, Inc. (12/23-27)
Sept. 27, 1963 ("Reg. A") $300,000 of 6½% subordinated debentures due Nov. 1, 1983, and 45,000 common to be offered in units of $500 face amount of debentures and 75 shares. **Price** — $500. **Business**—Construction of an eight inch natural gas transmission pipeline for the cities of Las Vegas, Wagon Mount, Springer, and Maxwell, N. M. **Proceeds** — For construction. **Office** — 219 Shelby St., Santa Fe, N. M. **Underwriters** — Milburn, Cochran & Co., Inc., Wichita, Kan., and Midland Securities Co., Inc., Kansas City, Mo.

Saul (B. F.) Real Estate Investment Trust
Oct. 25, 1963 filed 30,000 shares of beneficial interest. **Price**—$100. **Business**—Company plans to operate as a real estate investment trust. **Proceeds**—For investment. **Office**—925 Fifteenth St., N. W., Washington, D. C. **Underwriter**—B. F. Saul Co. (same address).

Security Title & Guaranty Co. (11/25-29)
Oct. 7, 1963 filed 125,000 common to be offered for subscription by stockholders on a share-for-share basis. **Price**—By amendment (max. $7.50). **Business**—Company examines and insures titles to real property. **Proceeds**—For general corporate purposes. **Office**—17 E. 45th St., New York. **Underwriter** — New York Hanseatic Corp., New York.

Selective Financial Corp.
Feb. 28, 1962 filed 500,000 common, of which 405,000 are to be offered for subscription by holders of the A, B and C stock of Selective Life Insurance Co., an affiliate, on the basis of 4 company shares for each class A or B share and two-thirds share for each class C share of Selective Life held. Remaining 94,822 and any unsubscribed shares will be offered publicly. **Price**—To public $6; to stockholders, $5. **Business**—Company plans to engage in the consumer finance, mortgage, general finance and related businesses. **Proceeds**—For general corporate purposes. **Office**—830 N. Central Ave., Phoenix. **Underwriter**—None.

Southwestern Electric Service Co.
Oct. 24, 1963 filed 24,428 common to be offered for subscription by stockholders on the basis of one new share for each 17 held. **Price**—By amendment. **Proceeds**—For repayment of bank loans. **Office**—1012 Mercantile Bank Bldg., Dallas. **Underwriter**—None.

Stein Roe & Farnham Foreign Fund, Inc.
July 1, 1963 filed 1,000,000 capital shares. **Price**—Net asset value. **Business**—Company was recently formed and will succeed to New York Capital Fund, Ltd., a Canadian corporation. It will provide investors a means of in-

vesting in Canada, Western Europe and other foreign areas. Proceeds—For investment. Office—135 S. LaSalle St., Chicago. Underwriter—None.

Supreme Life Insurance Co. of America
Sept. 30, 1963 filed 42,089 common to be offered for subscription by stockholders on the basis of one share for each three shares held. Price—$30. Business—Sale of life, health and accident insurance in 12 states and the District of Columbia. Proceeds — For debt repayment, and working capital. Office—3501 S. Parkway, Chicago. Underwriter—None.

Sutro Mortgage Investment Trust
Feb. 1, 1963 filed 30,000 shares of beneficial interest Price—$100. Business — A real estate investment trust Proceeds—For investment. Office—4900 Wilshire Blvd., Los Angeles. Underwriter—None.

Teaching Machines, Inc.
April 1, 1963 filed 150,000 common. Price—$5 Business—Company develops and sells teaching machines exclusively for Grolier Inc. Proceeds—For loan repayment and other corporate purposes. Office—221 San Pedro, N. E. Albuquerque. Underwriter—S. D. Fuller & Co., New York. Offering—Expected in March, 1964.

Tecumseh Investment Co., Inc.
Jan. 21, 1963 filed 48,500 common. Price—$100. Business —A holding company which plans to organize a life insurance company. Proceeds—For investment in U. S. Government Bonds and in new subsidiary. Office—801 Lafayette Life Bldg., Lafayette, Ind. Underwriter—Amosand Inc. (same address).

Texas Plastics, Inc.
July 27, 1962 filed 313,108 common. Price—$3.50. Business—Operation of a plant producing plastic film and packaging products. Proceeds—For working capital. Address—Elsa, Texas. Underwriter—To be named. Offering—Indefinite.

Tidmarsh Ventures, Inc.
Oct. 28, 1963 ("Reg. A") 42,850 common. Price — $7. Business—General construction, equipment leasing and installation of cryogenic and hydraulic systems. Proceeds—For new construction projects, debt repayment, and working capital. Office—15618 Broadway, Gardena, Calif. Underwriter—Quinn & Co., Albuquerque, N. M.

Top Dollar Stores, Inc.
May 1, 1962 filed 200,000 common, of which 100,000 are to be offered by company and 100,000 by stockholders. Price—$6. Business—Operation of a chain of self-service retail stores selling clothing, housewares, etc. Proceeds—For expansion, equipment and working capital. Office—2220 Florida Ave., Jasper, Ala. Underwriter—Van Alstyne, Noel & Co., New York. Offering—Temporarily postponed.

Transarizona Resources, Inc.
May 28, 1962 filed 500,000 capital shares. Price—$1.50. Business—Exploration, development and production of the Lake Shore copper deposit near Casa Grande, Ariz Proceeds—For equipment, exploration and working capital. Office—201 E. 4th St., Casa Grande, Ariz. Underwriter—None.

Transpacific Group, Inc.
July 26, 1963 filed 155,000 common. Price—By amendment (max. $15). Business—An insurance holding company. Proceeds—For expansion. Office—520 S. W. 6th Ave., Portland, Ore. Underwriter—None.

Trans World Life Insurance Co.
July 31, 1963 filed 465,000 common. Price—By amendment (max. $5). Business—Company plans to sell general life and disability insurance policies. Proceeds—To increase capital and surplus. Office—609 Sutter St., San Francisco. Underwriter—Alex. Brown & Sons, Baltimore Offering—Expected sometime in November.

Ultronic Systems Corp. (11/18-22)
Sept. 25, 1963 filed 150,000 common. Price—By amendment (max. $12). Business—Manufacture of electronic securities and commodities quotation systems. Proceeds —For loan repayment, and other corporate purposes Office—7300 N. Crescent Blvd., Pennsauken, N. J. Underwriter—Bache & Co., New York.

Unified Mutual Shares, Inc.
Aug. 22, 1963 filed 750,000 capital shares. Price — Net asset value plus 8½%. Business—A new mutual fund Proceeds—For investment. Address—207 Guaranty Bldg., Indianapolis. Distributor — Unified Underwriters, Inc. (same address).

Unimed, Inc.
Sept. 3, 1963 filed $300,000 of 5½% convertible subordinated notes due 1973. Price—At par. Business—Development and manufacture of ethical drugs and pharmaceuticals. Proceeds—For marketing of existing products, and research and development on new preparations. Address —Route 202, Morristown, N. J. Underwriter—None.

Union Electric Co. (11/20)
Oct. 21, 1963 filed $30,000,000 of first mortgage bonds due 1993. Proceeds—For debt repayment, construction, and other corporate purposes. Office—315 N. 12th Blvd., St. Louis. Underwriters — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers-Blyth & Co., Inc.-Eastman Dillon, Union Securities & Co.-Bear, Stearns & Co. (jointly); Salomon Brothers & Hutzler; White, Weld & Co.-Shields & Co. (jointly); First Boston Corp. Bids—Nov. 20 (11 a.m. EST) at Bankers Trust Co., 16 Wall St., New York. Information Meeting—Nov. 18 (11 a.m. EST), same address.

Union Electric Co. (11/20)
Oct. 21, 1963 filed 200,000 preferred ($100 par). Proceeds —For debt repayment, construction and other corporate purposes. Office—315 N. 12th Blvd., St. Louis. Underwriters—(Competitive). Probable bidders: First Boston Corp.-White, Weld & Co.-Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Lehman Brothers (jointly); Blyth & Co.-Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly). Bids —Nov. 20 (12 noon EST) at Bankers Trust Co., 16 Wall St., New York. Information Meeting—Nov. 18 (11 a.m. EST), same address.

United Investors Corp. (Minn.)
July 29, 1963 filed $500,000 of 6% convertible debentures due 1973 to be offered for subscription by stockholders on an unlimited basis. Price — At par. Business—A holding company for United Investors Fund Corp. (a broker-dealer which sells mutual funds) and United Capital Life Insurance Co. of Minnesota. Proceeds—To increase capital and surplus of United Capital Life Insurance Co. of Minnesota. Address—1300 First National Bank Bldg., Minneapolis. Underwriter—None.

Unitog Co.
Oct. 21, 1963 ("Reg. A") 42,750 common. Price — $7. Business — Manufacture and distribution of industrial uniforms, and accessories. Proceeds—For selling stockholders. Address—Kansas City, Mo. Underwriter—Barret, Fitch, North & Co., Inc., Kansas City, Mo.

U. S. Controls, Inc.
Aug. 8, 1963 filed $210,000 of 6¾% debentures due 1973 and warrants to purchase 31,500 shares to be offered for public sale in units of one $100 debentures and 15 warrants. Price—$100 per unit. Business—Development and manufacture of heating equipment and automatic control systems. Proceeds—For inventory, sales promotion, note prepayment and working capital. Office — 410 Fourth Ave., Brooklyn, N. Y. Underwriter—To be named.

United Variable Annuities Fund, Inc.
April 11, 1961 filed 2,500,000 shares of stock. Price—$10 per share. Business—A new mutual fund. Proceeds—For investment. Office—20 W. 9th Street, Kansas City, Mo. Underwriter—Waddell & Reed, Inc., Kansas City, Mo.

Urethane of Texas, Inc.
Feb. 14, 1962 filed 250,000 class A and 250,000 common to be offered in units of one share of each class. Price—$5.05 per unit. Business—Manufacture of urethane foams. Proceeds—For equipment, working capital leasehold expenses and other corporate purposes. Office —2300 Republic National Bank Bldg., Dallas. Underwriter—First Nebraska Securities Corp., Lincoln, Neb Offering—Indefinitely postponed.

Valley Investors, Inc.
Jan. 23, 1963, filed 328,858 common. Price—$1. Business —A new mutual fund. Proceeds—For investment. Address—Sidney, Mont. Underwriter—To be named.

Virginia Electric & Power Co. (12/10)
Oct. 25, 1963 filed $30,000,000 of first and refunding mortgage bonds due Dec. 1, 1993. Proceeds—For debt repayment and construction. Office—700 East Franklin St., Richmond, Va. Underwriters—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler-Goldman, Sachs & Co. (jointly); Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc.-Lehman Brothers (jointly); White, Weld & Co.; Stone & Webster Securities Corp. Bids—Dec. 10 (11 a.m. EST) at One Chase Manhattan Plaza. (Room 2414), New York. Information Meeting—Dec. 5 (11 a.m. EST) at One Chase Manhattan Plaza, (30th floor), New York.

Waterman Steamship Corp.
Aug. 29, 1961 filed 1,743,000 common. Price—By amendment. Business—The carrying of liner-type cargoes Proceeds—For the purchase of vessels, and working capital. Office—71 Saint Joseph St., Mobile, Ala. Underwriter—Shields & Co., Inc., N. Y. Note—This registration will be withdrawn.

Western Steel, Inc.
Jan. 17, 1963 ("Reg. A") 245,000 common. Price—$1 Business—Company plans to erect a mill to produce certain types of iron by the new "Taylor Process." Proceeds —For plant construction and general corporate purposes. Address—Suite 412-413 Hynds Bldg., Cheyenne Wyo. Underwriter—C. B. Hoke Agency, Cheyenne, Wyo Note—The SEC has issued an order temporarily suspending this issue.

Western Transmission Corp.
Sept. 16, 1963 filed 1,162,537 capital shares to be offered for subscription by holders of the capital stock and 6% convertible subordinated debentures due 1977 of U. S Natural Gas Corp., on the basis of one share of Western Transmission for each U. S. Natural share held. Price—$1. Business—Company plans to operate a natural gas gathering system in the south central part of Wyoming The gas to be sold initially, will be purchased from U. S Natural, which has agreed to guarantee the payment of all expenses approved by U. S. Natural for the company's organization, financing and other start-up costs. Proceeds —For construction, working capital, and other corporate purposes. Office — 1907 Chamber of Commerce Bldg., Houston. Underwriter—None.

William Penn Racing Association
March 8, 1963 filed $1,000,000 of 6½% sinking fund debentures due 1978 and 100,000 class A non-voting common shares to be offered in units of one $100 debenture and 10 shares. Price—$220 per unit. Business—Company has been licensed to conduct harness racing with parimutuel betting. Proceeds—For debt repayment and working capital. Office—3 Penn Center Plaza, Philadelphia. Underwriter—Stroud & Co., Inc., Philadelphia Offering—Indefinite.

Winslow Electronics, Inc.
Dec. 28, 1961 filed 125,000 common. Price—$4. Business —Design and manufacture of precision electrical and electronic measuring devices and test equipment. Proceeds—For debt repayment and other corporate purposes. Office—1005 First Ave., Asbury Park, N. J. Underwriter—To be named.

Young Industries, Inc.
Sept. 30, 1963 filed 100,000 class A common and warrants to purchase an additional 50,000 class A shares, to be offered in units of 50 shares and warrants to purchase 25 shares. Price—$501.25 per unit. Business—Commercial development of real estate, primarily shopping centers, in Kentucky, Indiana, Ohio and Tennessee. Proceeds—For debt repayment and property acquisitions. Office—508 West Jefferson St., Louisville, Ky. Underwriter—None.

Issues Filed With SEC This Week

★ Clark Equipment Credit Corp. (12/4)
Nov. 12, 1963 filed $20,000,000 of series B debentures due 1983. Price—By amendment. Business—Company, a subsidiary of Clark Equipment Co., finances sales of Clark products to consumers and dealers. Proceeds—To reduce short-term debt. Office — 324 E. Dewey Ave., Buchanan, Mich. Underwriters—Blyth & Co., Inc., and Lehman Brothers, New York.

★ Consolidated Foods Corp.
Nov. 12, 1963 filed 350,000 common. Price—By amendment (max. $48.875 per share). Business — Processing and distribution of various food items, and the operation of three retail food chains and one retail drug store. Proceeds—For acquisition of Booth Fisheries Corp. Office — 135 South La Salle St., Chicago. Underwriters—Kuhn, Loeb & Co., Inc., and Lehman Brothers, New York. Offering—Expected after Jan. 15, 1964.

★ Great Southwest Corp. (12/2-6)
Nov. 7, 1963 filed 275,000 common. Price — By amendment (max. $25). Business—Development of industrial real estate in Texas. Proceeds—For selling stockholders. Address—P. O. Box 191, Arlington, Tex. Underwriter—Glore, Forgan & Co., New York.

★ Midwestern Gas Transmission Co. (12/17)
Nov. 8, 1963 filed 50,000 common. Price — By amendment. Business—Company owns and operates pipe line systems for transmission of natural gas from Tennessee to Illinois, and from Manitoba to Wisconsin. Proceeds—Tennessee Bank & Trust Co., as transfer agent, will sell these shares arising from a stock dividend to shareholders of Tennessee Gas Transmission Co., parent, and distribute the proceeds pro rata to latter's stockholders. Address—Tennessee Bldg., Houston. Underwriter—None.

★ Pacific Northwest Bell Telephone Co. (12/3)
Nov. 8, 1963 filed $50,000,000 of debentures due Dec. 1, 2000. Price—By amendment. Proceeds—To repay $48,702,702 debt due Pacific Telephone & Telegraph Co., former parent, as well as certain advances from A. T. & T. Office—1200 Third Ave., Seattle. Underwriters—(Competitive). Probable bidders: Morgan Stanley & Co.; Halsey, Stuart & Co. Inc. Bids—Dec. 3 (11 a.m. EST) at 195 Broadway, New York. Information Meeting—Nov. 26 (2:30 p.m.), same address.

★ Pan-Alaska Fisheries, Inc.
Oct. 29, 1963 ("Reg. A") 104,584 common to be offered for subscription by stockholders and warrant holders on the basis of one-third share for each share or warrant held of record Nov. 25, 1963. Rights will expire about Dec. 26. Price—50 cents. Business—Catching, packing and distributing Alaska King crab. Proceeds—For working capital and other corporate purposes. Office—1800 Westlake North, Seattle. Underwriter—None.

★ Planning Research Corp.
Nov. 6, 1963 filed 100,000 common. Price — By amendment. Business—Company provides analytical, technical and economic services to commercial, industrial and governmental clients. Proceeds — For debt repayment, working capital, and possible acquisitions. Office—1333 Westwood Blvd., Los Angeles. Underwriter—Laird & Co. Corp., New York.

★ Tennessee Gas Transmission Co. (12/3)
Nov. 7, 1963 filed $35,000,000 of first mortgage pipe line bonds due Dec. 1, 1983. Price — By amendment. Business—Operation of pipe line systems for the transmission and sale or delivery of natural gas. Proceeds—For loan repayment and other corporate purposes. Address—Tennessee Bldg., Houston. Underwriters—Stone & Webster Securities Corp., White, Weld & Co., and Halsey, Stuart & Co. Inc., New York.

★ Tennessee Gas Transmission Co. (12/3)
Nov. 7, 1963 filed $150,000 preferred shares ($100 par). Price—By amendment (max. $102). Business—Operation of pipe line systems for the transmission and sale or delivery of natural gas. Proceeds—For loan repayment and other corporate purposes. Address—Tennessee Bldg., Houston. Underwriters — Stone & Webster Securities Corp., and White, Weld & Co., New York.

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Effective Registrations

The following registration statements were declared effective this week by the SEC. Offering details, where available, will be carried in the Monday issue of the "Chronicle."

Aerosol Techniques, Inc.
150,000 common offered at $18 per share by Laird & Co. Corp., Wilmington, Del.

Russ Togs, Inc.
140,036 class A shares offered at $17 per share by Shearson, Hammill Co., New York.

Commercial Bank of North America
45,617 capital shares being offered for subscription by stockholders at $31 per share, on the basis of one new share for each 17 held of record Oct. 30. Rights will expire Nov. 25. Francis I. duPont, A. C. Allyn, Inc., New York, is the principal underwriter. (Issue was exempt from SEC registration.)

Donaldson Co., Inc.
145,000 common offered at $17.50 per share by Paine, Webber, Jackson & Curtis, Boston.

Georgia Power Co.
$30,000,000 of 4½% first mortgage bonds due Nov. 1, 1993, offered at par plus accrued interest by Equitable Securities Corp., Nashville, and Eastman Dillon, Union Securities & Co., New York.

Georgia Power Co.
70,000 shares of $4.60 preferred stock (no par) offered at $101.32 per share, plus accrued dividends, by Lehman Brothers and Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

International Life Insurance Co. of Buffalo
125,900 capital shares being offered for subscription by stockholders at $21 per share, on the basis of one new share for each four held of record Nov. 12. Rights will expire Dec. 5. No underwriting is involved.

Mohawk Airlines, Inc.
$6,000,000 of 5½% convertible subordinated debentures due Nov. 1, 1978, offered at par plus accrued interest by Smith, Barney & Co., Inc., New York.

Mosler Safe Co.
350,000 common offered at $23 per share by Blyth & Co., Inc., New York.

Pacific Power & Light Co.
718,354 common being offered for subscription by stockholders at $23.75 per share, on the basis of one new share for each 20 held of record Oct. 30. Rights will expire Dec. 5. Blyth & Co., Inc., Merrill Lynch, Pierce, Fenner & Smith Inc., and Paribas Corp., New York, are the principal underwriters.

Seaboard Air Line RR.
$22,000,000 of 4⅝% first mortgage bonds due 1988 offered at 99.632%, to yield 4.65%, by First Boston Corp., New York. (Issue was exempted from SEC registration.)

Trans World Airlines, Inc.
$80,692,000 of 6½% subordinated income debentures due June 1, 1978, with warrants to purchase 2,185,974 common, offered in units consisting of $1,000 principal amount of debentures, and warrants to purchase 27 shares of common, at $1,230 per unit by Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Weyerhaeuser Co.
400,000 common offered at $32.50 per share by Morgan Stanley & Co., New York.

Prospective Offerings

Associated Truck Lines, Inc.
Sept. 18, 1963 it was reported that 110,000 common shares of Associated will be sold publicly, of which 40,000 will be sold for the company and 70,000 for certain stockholders. **Business** — Company is a short haul motor common carrier operating in Michigan, Ohio, Indiana and Illinois. **Proceeds**—To retire outstanding 6% cumulative preferred stock. **Office** — 15 Andre St., S. E., Grand Rapids, Mich. **Underwriter** — Hornblower & Weeks, New York. **Offering**—Indefinitely postponed.

Atlantic Coast Line RR. (11/20)
Nov. 4, 1963 it was reported that this road plans to sell $3,390,000 of equipment trust certificates due Dec. 1, 1964-78. **Office**—220 East 42nd Street, New York. **Underwriters** — (Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Nov. 20 (12 noon EST), at above address.

Bank of the Southwest N. A. (Houston)
Oct. 16, 1963 it was reported that stockholders had approved a 2-for-1 split and the offering of 100,000 $10 par shares to stockholders on the basis of one new share for each 20 held of record Oct. 15. Rights will expire Jan. 6, 1964. **Price**—$45. **Proceeds**—To increase capital funds. **Office**—900 Travis St., Houston, Tex. **Underwriter**—None.

Bethlehem Steel Co.
Feb. 26, 1963, Arthur B. Homer, Chairman, announced that the company will embark on a $750,000,000 capital improvement program to be completed by 1965. He said that approximately two-thirds of the financing for the program will be generated internally and the balance secured externally. Mr. Homer added that this would not be required until at least 1964. **Office**—25 Broadway, New York. **Underwriters**—To be named. The last public sale of securities in May, 1955, was handled by Kuhn, Loeb & Co., and Smith, Barney & Co., New York.

Central Illinois Public Service Co.
On Oct. 2, 1963, it was reported that the company plans to sell $20,000,000 of bonds in the third quarter of 1964. **Office**—607 East Adams St., Springfield, Ill. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Blyth & Co.-Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. - Equitable Securities Corp. (jointly); Lehman Brothers-Bear, Stearns & Co. (jointly); White, Weld & Co.

● **Commercial Bank of North America (N. Y.)**
Oct. 30, 1963 it was reported that stockholders voted to increase the authorized $5 par capital stock to provide for sale of 45,617 additional shares to stockholders on the basis of one new share for each 17 held of record Oct. 30. Rights will expire Nov. 25. **Price** — $31. **Proceeds** — To increase capital funds. **Office** — 116 Fifth Ave., New York. **Underwriter**—Francis I. duPont, A. C. Allyn, Inc., New York.

Communications Satellite Corp.
Oct. 7, 1963 it was reported that a registration statement will be filed in December covering about $200,000,000 of this firm's common stock to be issued in two series. Series I will be sold to the public, firms that produce space exploration equipment and other non-communications concerns. Series II will be issued to FCC-approved communications common carriers. **Price**—Maximum of $100 per share. **Business**—Congress has authorized the company to provide satellites and ground facilities for the international transmission of telephone, telegraph, television and other communications. **Office**—3029 Klingle Rd., N. W., Washington, D. C. **Underwriters**—To be named. **Offering**—Expected in early 1964.

Connecticut Yankee Atomic Power Co.
April 23, 1963 it was reported that the 12 utilities which jointly own this new firm, have petitioned the SEC for exemption from the Public Utility Holding Company Act to permit the negotiated sale of $55,000,000 of the firm's bonds. The request has been opposed by a major underwriter who wants the bonds to be sold at competitive bidding. **Business**—Company was formed in December, 1962, to own and operate a 500,000 kw. atomic power plant at Haddam Neck, Conn. **Proceeds**—For construction of the $70-$80,000,000 plant. **Office**—441 Stuart St., Boston. **Underwriters**—To be named.

Consolidated Edison Co. of New York (12/11)
Oct. 31, 1963 the company stated that it plans to sell $75,000,000 of first and refunding mortgage bonds, due Dec. 1, 1993. **Proceeds**—For construction. **Address** — 4 Irving Place, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; First Boston Corp. **Bids**—Expected Dec. 11 (11 a.m. EST), at above address.

Consumers Power Co.
Oct. 7, 1963 the company stated that it had postponed until Mid-1964 its plans to raise additional capital. Earlier, the company said that it planned to sell $20,000,000 of debentures. No decision has been reached on the type or amount of securities to be sold in 1964. **Office** — 212 West Michigan Ave., Jackson, Mich. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.-Shields & Co. (jointly); Harriman Ripley & Co. Inc.-First Boston Corp (jointly); Morgan Stanley & Co., Salomon Brothers & Hutzler-Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

Control Data Corp.
Sept. 16, 1963 it was reported that the company plans the sale of $25,000,000 or more of securities sometime in 1964. A company spokesman stated that the timing and type of issue, will depend on market conditions at the time. **Office** — 8100 34th Ave., South, Minneapolis. **Underwriter**—To be named. The last sale of debentures on Aug. 28, 1962 was handled by Dean Witter & Co., Chicago.

Duke Power Co.
Sept. 17, 1963 it was reported that the company has tentative plans to issue $50,000,000 of first mortgage bonds in the second quarter of 1964. **Office** — 30 Rockefeller Plaza, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Morgan Stanley & Co.; Stone & Webster Securities Corp.

General Aniline & Film Corp.
April 3, 1963 Attorney General Robert F. Kennedy announced that the Justice Department had reached an out-of-court agreement with Interhandel, a Swiss holding company, designed to settle the 20-year old dispute over control of the 540,894 class A and 2,050,000 class B shares of General Aniline seized by the U. S. Government in 1942 as a German asset. The stock represents 98% of the voting control of the company. Mr. Kennedy said that if General Aniline should be sold for $200 million, the Government would receive about $140 million and Interhandel about $60 million. The settlement terms, recently approved by Interhandel stockholders, also must be approved by the U. S. District Court at Washington, D. C. **Business**—Company is a leading domestic producer of dyestuffs, chemicals and photographic materials. **Office**—111 W. 50th St., New York. **Underwriters**—(Competitive). Probable bidders: Blyth & Co.-First Boston Corp. (jointly); Lehman Brothers-Kuhn, Loeb & Co.-Glore, Forgan & Co. (jointly); Bache & Co.

Hartford Electric Light Co.
April 30, 1963 the company announced plans to sell $15,-$20,000,000 of securities in 1964 to help finance its $26,-000,000 construction program. **Office**—176 Cumberland Ave., Wethersfield, Conn. **Underwriters** — First Boston Corp., New York; Putnam & Co., Hartford; Chas. W. Scranton & Co., New Haven.

International Milling Co.
July 8, 1963 the company announced that it expects to file a registration statement covering its first public offering of common stock. The sale will include both a primary and a secondary distribution. **Business**—Company is one of the world's largest flour millers with operations in five countries. **Proceeds**—For expansion, research and debt repayment. **Address** — 1200 Investors Bldg., Minneapolis. **Underwriter** — Kidder, Peabody & Co., Inc., New York.

Interpublic Inc.
Oct. 30, 1963 it was reported that this company is planning its first public stock offering. **Business**—A holding company for advertising agencies, public relations firms and other communications media. **Office**—750 Third Ave., New York. **Underwriter**—To be named.

Iowa Power & Light Co.
Jan. 16, 1963 it was reported that the company plans to sel $10,000,000 of bonds in the last half of 1964. **Office**—823 Walnut St., Des Moines. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; White, Weld & Co.; Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Lehman Brothers; Blyth & Co.

Irving Air Chute Co., Inc.
Sept. 11, 1963 it was reported that the company plans to file a registration statement shortly covering $1,810,-000 of 6% convertible debentures due 1975 to be offered for subscription by stockholders. **Business**—Manufacture of seat belts, business machine parts and parachutes. **Proceeds**—For expansion, loan repayment and working capital. **Office** — 1315 Versailles Rd., Lexington, Ky. **Underwriter**—S. D. Fuller Co., New York.

Japan (Government of)
May 1, 1963 it was reported that the Government plans to sell an additional $35,000,000 of external loan bonds in the U. S. during the fiscal year ending March 31, 1964. It is expected that the majority would be sold by Dec. 31, 1963. **Underwriter**—First Boston Corp., New York.

Kansas City Power & Light Co.
Oct. 16, 1963 it was reported that the company plans to sell $18-$20,000,000 of first mortgage bonds in January 1965. **Address** — 1330 Baltimore Ave., Kansas City, Mo. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.-First Boston Corp. (jointly); Lehman Brothers-Bear, Stearns & Co. (jointly); Equitable Securities Corp. - Eastman Dillon, Union Securities & Co. (jointly); White, Weld & Co.-Shields & Co. (jointly).

Kentucky Utilities Co.
On Oct. 2, 1963, it was reported that the company plans to sell $8-10,000,000 of bonds in the third quarter of 1964. **Office** — 20 South Limestone St., Lexington, Ky. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.-White, Weld & Co., Inc. (jointly); Eastman Dillon, Union Securities Corp.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

Lanvin-Charles of the Ritz, Inc.
Sept. 30, 1963 it was reported that following the proposed merger of Lanvin-Parfums and Charles of the Ritz, to be voted on by stockholders Nov. 14, E. L. Cournand, President, and certain other Lanvin stockholders plan to offer publicly 800,000 common shares. **Business**—Company is the U. S. distributor of Lanvin perfumes and other fragrances, as well as cosmetic and toiletry products. **Office**—767 Fifth Ave., New York. **Underwriters**—Goldman, Sachs & Co., and White, Weld & Co., Inc., New York. **Offering**—Expected in late December.

Livingston Oil Co.
Nov. 6, 1963 it was reported that the company plans to file a registration statement shortly covering an undisclosed number of common shares. **Business**—Exploration and development of oil and gas properties. **Proceeds**—For expansion. **Office**—210 Mid-Continent Bldg., Tulsa, Okla. **Underwriters** — Hayden, Stone & Co., Inc., and Shearson, Hammill & Co., New York.

Long Island Lighting Co.
Aug. 29, 1963 the company announced plans to issue $25-to-$30,000,000 of first mortgage bonds in each of the years 1964 to 1968 inclusive, to help finance its $285,-000,000 5-year construction program. **Office** — 250 Old Country Rd., Mineola, N. Y. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.-First Boston Corp. (jointly); W. C. Langley & Co.

Louisiana Power & Light Co.
Oct. 16, 1963 it was reported that this subsidiary of Middle South Utilities, Inc., plans to issue $25,000,000 of bonds in second quarter of 1964. **Proceeds**—For construction. **Office**—142 Delaronde St., New Orleans. **Underwriters**—(Competitive). Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-Harriman Ripley & Co., Inc. (jointly); White, Weld & Co.-Blyth & Co., Inc.-Shields & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.-Glore, Forgan & Co. (jointly); Salomon Brothers & Hutzler-Eastman Dillon, Union Securities & Co. - Equitable Securities Corp. (jointly).

Merrill Lynch, Pierce, Fenner & Smith Inc.
Aug. 19, 1963, Michael W. McCarthy, Chairman, stated that the company has held informal discussions with the staff of the New York Stock Exchange as to the feasibility of "going public." He added that, "when the time is appropriate," Merrill Lynch will request the governors to recommend that member firms approve the required changes in the Exchange's constitution to permit this. Industry sources believe that the move is several years away. **Business**—Company is the largest brokerage house in the U. S. with 139 domestic offices and over 2,300 account executives. **Office**—70 Pine St., New York.

Mexico (Government of)
July 16, 1963 following the public offering of $40,000,000 of external bonds, it was reported that the Government is authorized to sell an additional $65,000,000 of bonds in the U. S. and abroad. **Underwriters**—Kuhn, Loeb & Co., Inc., and First Boston Corp., N. Y.

Missouri Pacific RR (1/7/64)
Oct. 22, 1963 it was reported that this road plans to sell $6,600,000 of 1-15 year equipment trust certificates. **Address**—Missouri Pacific Bldg., St. Louis. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected Jan. 7, 1964 (12 noon CST), at above address.

Narragansett Electric Co. (1/14/64)
Oct. 22, 1962 it was reported that this subsidiary of New England Electric System plans to issue $5,000,000 of first mortgage bonds, series F, due 1994. **Office**—15 Westminster St., Providence, R. I. **Underwriters**—(Competitive). Probable bidders: White, Weld & Co.; Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler-Lehman Brothers-Goldman, Sachs & Co. (jointly). **Bids**—Expected Jan. 14, 1964.

New York Central RR (12/4)
Oct. 7, 1963 the company announced plans to offer $3,600,000 of 1-15 year equipment trust certificates. **Office**—466 Lexington Ave., New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co., Inc. **Bids**—Dec. 4 (12 noon EST), at above address.

New York State Electric & Gas Corp.
April 3, 1963 it was reported that the company plans to sell $20,000,000 of debt securities to finance its construction program for 1964 and 1965. **Office**—108 East Green St., Ithaca, New York. **Underwriters** — (Competitive). Probable bidders: Kidder, Peabody & Co. - Salomon Brothers & Hutzler (jointly); First Boston Corp.-Glore, Forgan & Co. (jointly); Halsey, Stuart & Co.; Harriman Ripley & Co.; Blyth & Co.

New York Telephone Co. (1/7/64)
Oct. 28, 1963 it was reported that this A. T. & T. subsidiary plans to sell $130,000,000 of first mortgage bonds in January. **Proceeds**—To repay bank loans, refund $75,000,000 of outstanding 3% bonds maturing Oct. 15, 1964, and finance construction. **Office** — 140 West St., New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected Jan. 7, 1964.

● **Northern Pacific Ry. (12/10)**
Nov. 7, 1963 it was reported that this road plans to sell $6,840,000 of equipment trust certificates in December. **Office**—120 Broadway, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Brothers & Hutzler. **Bids**—Dec. 10 (12 noon EST).

Northern States Power Co. (Minn.)
May 14, 1963 it was reported that the company plans to offer about 771,110 additional shares to stockholders on a 1-for-20 basis in 1964, to raise an estimated $25,000,000. **Office**—15 South Fifth St., Minneapolis. **Underwriter**—To be named. The last rights offering in July 1959 was underwritten by Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Northwest Natural Gas Co.
Sept. 25, 1963 the company announced tentative plans to sell 50,000 shares of preferred in early 1964. **Proceeds**—To refund 50,000 shares of outstanding 5.75% preferred. **Office**—735 S. W. Morrison, Portland, Ore. **Underwriter**—Lehman Brothers, New York.

Otter Tail Power Co.
Oct. 16, 1963 it was reported that the company plans to sell 30,000 shares of $100 par preferred stock in the first quarter of 1964. **Office**—215 So. Cascade St., Fergus Falls, Minn. **Underwriter**—To be named. The last sale of preferred on March 8, 1950 was handled by Glore, Forgan & Co., New York and Kalman & Co., Inc., St. Paul.

Pacific Telephone & Telegraph Co.
June 19, 1963 the company stated that it will need $650 million of new money in the years 1964 through 1966 to help finance its $1.3 billion construction program. This means that the company must sell about $217 million of securities a year, it was stated. **Office**—140 New Montgomery St., San Francisco. **Underwriters**—To be named. The last issue of debentures on Feb. 16, 1960 was underwritten by Halsey, Stuart & Co. Inc. One other bid on the issue was tendered by Morgan Stanley & Co.

Pennsylvania Power & Light Co.
March 18, 1963 the company stated that it expects to sell $75,000,000 of bonds in the period 1963 through 1967. **Proceeds** — For construction and the retirement of $8,000,000 of maturing bonds. **Office**—9th and Hamilton Sts., Allentown, Pa. **Underwriters**—To be named. The last sale of bonds on Nov. 29, 1961 was won at competitive bidding by White, Weld & Co., and Kidder, Peabody & Co. Other bidders were Halsey, Stuart & Co. Inc.; First Boston Corp.-Drexel & Co. (jointly).

Philadelphia Electric Co.
Sept. 18, 1963 it was reported that the company is considering the sale of $50,000,000 of first mortgage bonds in mid-1964. **Office** — 1000 Chestnut St., Philadelphia. **Underwriters**—(Competitive). Probable bidders: Morgan Stanley & Co.-Drexel & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; White, Weld & Co.

Potomac Edison Co. (3/10/64)
Oct. 16, 1963 it was reported that this subsidiary of Allegheny Power System, Inc., plans to sell $12-$15,000,000 of first mortgage bonds due 1994. **Office**—200 East Patrick St., Frederick, Md. **Underwriters**—(Competitive). Probable bidders: W. C. Langley & Co.-First Boston Corp. (jointly); Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; White, Weld & Co.-Shields & Co. (jointly); Lehman Brothers-Eastman Dillon, Union Securities & Co.-Harriman Ripley & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly). **Bids**—March 10, 1964 (10 a.m. EST) at 320 Park Ave., New York.

Potomac Electric Power Co.
July 30, 1963 the company stated that it will need $50,000,000 of new money in 1964 for its construction program and expects to do permanent financing in the early part of the year. However, it has not determined the amount or type of security to be offered. **Office**—929 E St., N. W., Washington, D. C. **Underwriters**—To be named. On Feb. 19, 1963 the company sold $50,000,000 of bonds to Dillon, Read & Co., Inc.; Lehman Bros., Eastman Dillon, Union Securities & Co., Stone & Webster Securities Corp., and Johnston, Lemon & Co. Other bidders on the issue were Kidder, Peabody & Co.—Merrill Lynch, Pierce, Fenner & Smith, Inc.—White, Weld & Co.—Salomon Bros. & Hutzler (jointly); First Boston Corp.; Halsey, Stuart & Co.

Powr-Pak, Inc.
Nov. 4, 1963 it was reported that the company plans to file a registration statement covering 1,000,000 of convertible debentures. At the same time, certain stockholders plan to sell 125,000 outstanding common. **Business**—Manufacture of various types of aerosol products. **Proceeds** — For loan repayment, and working capital. **Address**—Bridgeport, Conn. **Underwriter**—S. D. Fuller & Co., New York.

Public Service Co. of Colorado
June 4, 1963 it was reported that the company plans to sell $35,000,000 of 30-year first mortgage bonds in April, 1964. **Proceeds**—For construction. **Office**—900 15th St., Denver, Colo. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Harriman, Ripley & Co., Inc.-Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc.-Dean Witter & Co. (jointly); First Boston Corp.; Lehman Brothers-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Blyth & Co., Inc.-Smith, Barney & Co. (jointly).

Rayette, Inc.
Oct. 7, 1963 it was reported that this firm plans to sell about $10,000,000 of securities in January. The type or terms of the offering have not yet been decided. **Business**—Manufacture of cosmetics, supplies and equipment for beauty salons. **Office** — 261 East Fifth St., St. Paul, Minn. **Underwriter**—Allen & Co., New York.

Rochester Telephone Co.
May 7, 1963 the company announced plans to sell $16,000,000 of debentures in the first quarter of 1964, but may do so earlier if market conditions are favorable. **Proceeds** — For construction. **Office** — 10 Franklin St., Rochester, N. Y. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly); Kuhn Loeb & Co.; Halsey, Stuart & Co. Inc.

Ryder Systems, Inc. (11/22)
Oct. 30, 1963 it was reported that the ICC had authorized the company to issue a maximum of $5,500,000 of convertible subordinated debentures due 1983 to be offered to stockholders on the basis of $100 of debentures for each 40 common shares held of record Nov. 22. Rights will expire Dec. 6. **Price**—At par. **Business**—A holding company engaged in the fields of motor freight carrying, equipment leasing and manufacturing. **Office** — 2701 So. Bayshore Drive, Miami, Fla. **Underwriter**—Blyth & Co., Inc., New York.

San Diego Gas & Electric Co.
Sept. 10, 1963 it was reported that the company is considering the sale of about $20,000,000 of debt securities in mid-1964. **Office**—861 Sixth Ave., San Diego, Calif. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; First Boston Corp.-Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Lehman Brothers-Salomon Brothers & Hutzler (jointly).

Sears, Roebuck & Co.
Feb. 19, 1963, Allstate Enterprises, Inc., subsidiary, announced that it had delayed its plans to form a new mutual fund until it received clarification of an SEC ruling which "has been construed by some to mean that registered investment companies could not purchase Sears' stock or would be required to divest themselves of it, if Sears' itself owned a mutual fund." Earlier, Allstate said that the fund would be in operation late in 1963 on a "very small scale," and would be started on a state-by-state basis as approval was granted. **Office**—925 So. Homan Ave., Chicago. **Distributor**—Allstate Enterprises, Inc., Chicago.

Shippers Dispatch Co. (11/27)
Oct. 30, 1963 it was reported that the company had applied to the ICC for permission to issue 150,000 outstanding common. **Price**—By amendment. **Business**—A motor carrier operating in Ohio, Illinois, Michigan and Indiana. **Proceeds** — For selling stockholder. **Office**—1216 West Sample St., South Bend, Ind. **Underwriter**—Francis I. duPont, A. C. Allyn, Inc., New York.

★ **Sinclair Oil Corp.**
Nov. 12, 1963 the company announced that it plans to file a registration statement shortly covering $150,000,000 of 25-year sinking fund debentures. **Proceeds**—To repay short-term loans, and finance the acquisition of additional oil and gas properties. **Office**—600 Fifth Ave., New York, N. Y. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

● **Southern California Edison Co. (2/25/64)**
Nov. 13, 1963 the company announced plans to sell $60,000,000 of first and refunding mortgage bonds, series R, due 1989. **Proceeds**—To repay bank loans and finance construction. **Office** — 601 West Fifth St., Los Angeles. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.-Dean Witter & Co. (jointly); Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly). **Bids**—Expected Feb. 25, 1964 (8:30 a.m. PST), at above address.

Southern Co.
Aug. 12, 1963 the company stated that it is considering the sale of $35 to $40,000,000 of common stock early in 1964 to help finance its $570,000,000 construction program. **Office**—1330 West Peachtree St., N. W., Atlanta, Ga. **Underwriters**—To be named. The last sale of common on Feb. 15, 1961 was made to a group headed by Eastman Dillon, Union Securities & Co., Blyth & Co., and Equitable Securities Corp. Other bidders were: First Boston Corp.-Lehman Brothers (jointly); Morgan Stanley & Co.-Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

Southern Counties Gas Co. of Calif.
Jan. 2, 1963 it was reported that this subsidiary of Pacific Lighting Corp., plans to sell $27,000,000 of first mortgage bonds in the fourth quarter. **Address**—P. O. Box 2736, Terminal Annex, Los Angeles 54, Calif. **Underwriters**—(Competitive) Probable bidders: White, Weld & Co.; Blyth & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Halsey, Stuart & Co. Inc.; First Boston Corp.

Southwestern Public Service Co.
Oct. 6, 1963 it was reported that the company plans to issue approximately $15,000,000 of first mortgage bonds in the first quarter of 1964. **Office**—720 Mercantile Dallas Bldg., Dallas, Tex. **Underwriter**—Dillon, Read & Co., Inc., New York.

Texas & Pacific Ry. (12/12)
Oct. 28, 1963 it was reported that this road plans to sell $2,700,000 of 1-15 year equipment trust certificates. **Address**—916 Fidelity Union Tower, Dallas. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc.; First National Bank in Dallas; Mercantile National Bank, Dallas. **Bids**—Expected Dec. 12 (12 noon CST) at above address.

Tokyo (City of)
May 1, 1963 it was reported that the Diet had authorized the sale of $20,000,000 City of Tokyo bonds in the U. S. during the fiscal year ending March 31, 1964. **Underwriter**—To be named. The last issue of Tokyo bonds in March, 1927, was handled by Kuhn, Loeb & Co. **Offering**—Indefinite.

Trans World Airlines, Inc.
Oct. 21, 1963 the company announced that it may offer stockholders, sometime after mid-January 1964, the right to subscribe for up to $8,500,000 of 5¾% convertible subordinated debentures due Oct. 1, 1983. Hughes Tool Co., holder of 78% of the company's outstanding stock would not subscribe for these debentures, but would purchase an additional $30,000,000 principal amount of the issue. **Proceeds**—To help finance the purchase of 12 Boeing jet aircraft. **Office**—380 Madison Ave., New York. **Underwriter**—None.

Transcontinental Gas Pipe Line Corp.
Sept. 25, 1963 the company announced that it plans to sell $50-$55,000,000 of first mortgage bonds and possibly some preferred in the first half of 1964. **Business**—Transmission of natural gas. **Proceeds**—For loan repayment. **Office**—3100 Travis St., Houston, Texas. **Underwriters**—White, Weld & Co., and Stone & Webster Securities Corp., New York.

● **Union Planters National Bank (Memphis)**
Oct. 23, 1963 it was reported that stockholders voted to increase the authorized $10 par capital stock to provide for sale of 150,000 additional shares to stockholders on the basis of one new share for each 7½ shares held of record Nov. 6. Rights will expire Nov. 27. **Price**—$40. **Proceeds**—To increase capital funds. **Office**—61 Madison Ave., Memphis. **Underwriter** — M. A. Saunders & Co., Inc., Memphis.

Utah Power & Light Co.
July 2, 1963 it was reported that this utility plans to sell about $20,000,000 of bonds and $10,000,000 of preferred stock in the second quarter of 1964. **Office**—1407 West North Temple St., Salt Lake City. **Underwriters**—(Competitive). Probable bidders (bonds): Salomon Bros. & Hutzler; Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); White, Weld & Co.-Stone & Webster Securities Corp. (jointly); First Boston Corp.-Blyth & Co. (jointly); Eastman Dillon, Union Securities & Co.-Smith, Barney & Co. (jointly); Lehman Brothers-Bear, Stearns & Co. (jointly). (Preferred Stock) White, Weld & Co.-Stone & Webster Securities Corp. (jointly); First Boston Corp.-Blyth & Co. (jointly); Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.-Smith, Barney & Co.-Salomon Brothers & Hutzler (jointly); Lehman Brothers.

● **Valley Gas Co.**
Nov. 13, 1963 it was reported that the SEC is studying a plan under which Blackstone Valley Gas & Electric Co., would sell its entire 400,000 shares holdings of Valley Gas to stockholders of Blackstone and Eastern Utilities Associates, the latter's parent **Price**—At book value ($11.15 per share on April 30, 1963). **Business**—Company was formed by Blackstone to take over its gas properties. **Proceeds** — To the selling stockholder, Blackstone Valley Gas. **Address** — Pawtucket, R. I. **Underwriters**—(Competitive). Probable bidders: Kidder Peabody & Co.; Stone & Webster Securities Corp.

Businessman's BOOKSHELF

Balance on Foreign Transactions: Problems of Definition and Measurement—Walther Lederer—International Finance Section, Department of Economics, Princeton University, Princeton, N. J. (paper), $1.

Buying and Selling a Small Business—Verne A. Bunn and Curtis D. Terflinger—Research report prepared for the Small Business Administration describing and explaining the fundamental decision—making steps to be considered in buying and selling small businesses—University of Wichita, Wichita, Kan. 67206 (paper), $2.

Brazil's Developing Northeast: A Study of Regional Planning and Foreign Aid—Stefan H. Robock—The Brookings Institution, 1775 Massachusetts Avenue, N. W., Washington, D. C. 20006 (paper), $2; (cloth), $3.50.

Can New Transportation Concepts Contribute to Economic Growth?—Battelle Memorial Institute, Publication-Public Services, 505 King Avenue, Columbus, Ohio 43201 (paper).

Diesels West!—The Evolution of Power on the Burlington—David P. Morgan—A history of the development of modern motive power on the 11,000-mile Burlington line from 1850 to date—Kalmbach Publishing Co., Milwaukee, Wis. 53203 (cloth).

Economic Integration of Hungary into the Soviet Bloc—Laszlo Zsoldos—Bureau of Business Research, College of Commerce and Administration, The Ohio State University (cloth), $5.

Employment and Earnings Statistics for States and Areas 1939-62—Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 2040200 (paper), $3.50.

Employment and Earnings Statistics for the United States, 1909-62—Based on the 1957 Standard Industrial Classification—Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 20402 (paper), $3.50.

Federal Income Taxation of Banks and Financial Institutions—Maxwell A. H. Wakely, Francis E. Jasper, Wallace M. Jensen, Louis A. MacKenzie, Kenneth J. Mutzel, Ernest G. Weiss and Don J. Summa—A detailed and comprehensive explanation of the significant income tax law, regulations, treasury rulings, court decisions and related matters pertaining to the Federal income taxation of banks and financial institutions—Banking Law Journal, 89 Beach Street Boston, Mass. 02111, $35.

Financing America's Future: Taxes, Economic Stability and Growth—Committee on Federal Tax Policy, 34 West 51st Street, New York, N. Y. (paper), $1.

Financial Public Relations: Tested Techniques for Communicating with Financial Publics—Oscar M. Beveridge — McGraw Hill Book Co., 330 West 42nd Street, New York, N. Y. 10036, $9.50.

How to Look Like Somebody in Business Without Being Anybody—Stephen Baker—A pictorial tome on "one-upsmanship"—Prentice-Hall, Inc., Englewood Cliffs, N. J., $2.95.

Impact of Technological Change—William Haber, Louis A. Ferman and James R. Hudson—The Upjohn Institute for Employment Research, 709 South Westnedge Avenue, Kalamazoo, Mich. (paper).

Instalment Loans to Small Business—American Bankers Association, New York, N. Y. 10016 (paper).

Investor's Guide to Profits From Rights, Splits and Dividends—A book designed to help the investor figure his way through rights, splits, stock dividends, taxable profits and other adjuncts to stock ownership—Pilot Books, 42 West 33rd Street, New York, N. Y. 10001 (paper), $2.

Journal of Polital Economy, October, 1963 — Containing articles on New Methods in Statistical Economics; Microfoundations of Social Investment Function; Economics of Earmarked Taxes; Direction of Change of Consumption during Business Cycle Contractions; Economics of Discrimination; Counter-Speculation in the Forward Exchange Market; etc.—University of Chicago Press, 5750 Ellis Avenue, Chicago, Ill. 60637, $6 per year; $1.75 per copy.

Life Insurance Fact Book for 1963—Institute of Life Insurance, 488 Madison Avenue, New York, N. Y. 10022 (paper).

Literature of Executive Management: Selected Books and Reference Sources for the International Businessman, with annotated listing of source material of value to management personnel — Special Libraries Association, 31 East 10th Street, New York, N. Y. 10003, $4.25.

Meeting House and Counting House: The Quaker Merchants of Colonial Philadelphia 1682-1783—Frederic B. Tolles—W. W. Norton & Company, Inc., 55 Fifth Avenue, New York, N. Y. 10003.

Modern Trust Forms — Contains more than 750 forms covering virtually every trust and estate situation — Banking Law Journal, 89 Beach Street, Boston, Mass. 02111, $25.

Monetary Policy in an Open Economy: Its Objectives, Instruments, Limitations, and Dilemmas—Marius W. Holtrop—International Finance Section, Department of Economics, Princeton University, Princeton, N. J. (paper).

Mutual Savings Banks of the U. S.—1963-64 Director and Guide—National Association of Mutual Savings Banks, 200 Park Avenue, New York, N. Y. 10017, $5.

New York State—1963 annual report of the Comptroller—Office of the Comptroller, Albany, N. Y.

Operating Results of Department and Specialty Stores in 1962—Malcolm P. McNair — Harvard Business School, Division of Research, Soldiers Field, Boston, Mass. 02163 (paper), $6.

New York State—1963 annual report of the Comptroller—Office of the Comptroller, Albany, N. Y.

Planning for Company Growth: The Executive's Guide to Effective Long Range Planning—Bruce Payne—McGraw-Hill Book Company, Inc., 330 West 42nd Street, New York, N. Y. 10036, $8.50.

Practical Guide to Unemployment Insurance for New York Employers—Revised Edition—Commerce & Industry Association Institute, Inc., 99 Church Street, New York, N. Y. (paper), $2.

Practical Plan for the Effective Use of Outside Research Facilities—Battelle Memorial Institute Columbus, Ohio 43216 (paper).

Price Warfare in Business Competition: A Study of Abnormal Competitive Behavior—Ralph Cassady, Jr.—Bureau of Business and Economic Research, Graduate School of Business Administration, Michigan State University (paper), $1.

Profitability Accounting for Planning and Control—Robert Beyer — Presentation of a management information system integrating modern accounting techniques and insuring the consistency of data used for profit planning, performance control, and managerial decisions — Ronald Press Company, 15 East 26th Street, New York, N. Y. 10010 (cloth), $10.

Research and Development: Its Growth and Composition—Nestor E. Terleckyj—National Industrial Conference Board, 845 Third Avenue, New York, N. Y. 10022 (paper), $15.

Savings Banking in New York State—A Re-examination of a Traditional Role—Melvin A. Eggers—Savings Banks Association of New York State, 200 Park Avenue, New York, N. Y., (paper).

SEC Accounting Practice and Procedure — Louis H. Rappaport — Second Edition, revised and expanded, of guidebook for those filing financial statements with the SEC; focusing on the latest developments in the field it supplies systematic coverage of SEC requirements, interpretive comments on points of procedure, etc.—Ronald Press Company, 15 East 26th Street, New York, N. Y. 10010 (cloth), $20.

Shorter Workweek — Marcial L. Greenbaum—A study of the practicability and probability of reduced working hours as one of the answers to the problem of unemployment, with a discussion of the views of government, management, and labor, and a speculative consideration of what forms reductions in working time may take—New York State School of Industrial and Labor Relations, Cornell University, Ithaca, N. Y. (paper), single copies free to New York State residents; 50c per copy for all out-of-state orders and all orders for two or more copies.

Some Aspects of Wage Theory and Policy—A study of problems involving wage level, price level, and wage share and their implications and ramifications on economic phenomena—Sidney Weintraub — Chilton Books, East Washington Square, Philadelphia, Pa. 19106, $7.

Some Dynamic Aspects of Consumer Behavior—A seminar report edited by Charles A. Lininger—Foundation for Research on Human Behavior, 1141 East Catherine Street, Ann Arbor, Mich. (paper), $3.

Statistical Abstract of the U. S. 1963 — National data book and guide to sources—84th edition—Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 20402 (cloth), $3.75.

Still Flying and Nailed to the Mast—The Extraordinary Story of America's Boldest Insurance Company (Fireman's Fund Insurance Co.)—William Bronson—Doubleday & Company, Inc., 575 Madison Avenue, New York, N. Y. 10022 (cloth), $5.95.

Strategy for Survival—Thomas L. Martin, Jr. and Donald C. Latham—University of Arizona Press, Tucson, Ariz.—$6.00.

Taxation in the United States—Marvin A. Chirelstein, Langdon Day and Elisabeth A. Owens in collaboration with Stanley S. Surrey, Assistant Secretary U. S. Treasury Department—A single-volume study of U. S. taxation at all levels of government, explaining and analyzing federal taxes in detail with major emphasis on income taxes—Commerce Clearing House, Inc., 4025 West Peterson Avenue, Chicago, Ill. 60646, $27.50.

Taxes, Loopholes & Morals—Jerome Hellerstein—A presentation key income tax issues for the intelligent layman, with suggestions as to their resolutions—McGraw-Hill Book Company, 330 West 42nd Street, New York, N. Y. 10036, $5.95.

Trends and Cycles in the Commercial Paper Market—Richard T. Selden—National Bureau of Economic Research, 261 Madison Avenue, New York, N. Y. 10016 (paper), $1.75.

Uneasy Case for Progressive Taxation—Walter J. Blum and Harry Kalven, Jr. — University of Chicago, Ill. (paper), $1.35.

United States Balance of Payments in 1968—Walter S. Salant, Emile Despres, Lawrence B. Krause, Alice M. Rivlin, William A. Salant and Lorie Tarshis—The Brookings Institution, 1775 Massachusetts Avenue, Washington, D.C. 20006 (paper), $2.95; cloth, $5.

U. S. Nuclear Power Projects—Fact Book—Electric Companies Public Information Program, 230 Park Avenue, New York, N. Y. 10017 (paper).

Wall Street Thesaurus—Paul Sarnoff—A comprehensive dictionary of the terms and phrases of the financial community—Ivan Obolensky, Inc., 341 East 62nd Street, New York, N. Y. 10021 (cloth), $6.50.

What Every Retailer Should Know About the Law — R. Duffy Lewis and J. Norman Lewis—Fairchild Publications, 7 East 12th Street, New York, N. Y. 10003 (cloth), $5.

Why You Win or Lose: The Psychology of Speculation—Fred C. Kelly—Fraser Publishing Company, Wells, Vt. (paper), $2.95.

World Competition in Steel—A Report to Business and Defense Services Administration, United States Department of Commerce—American Iron and Steel Institute, 150 East 42nd Street, New York, N. Y. 10017 (paper).

Joins Carolina Inv.

RALEIGH, N. C.—Milton S. Sims has joined the staff of Carolina Investors Corporation, 741 West Johnson Street.

Trans World Airlines, Inc. Debentures Sold

Merrill Lynch, Pierce, Fenner & Smith Inc., New York, as manager of an underwriting group, has announced the secondary offering, in units, of $80,692,000 of Trans World Airlines, Inc. 6½% subordinated income debentures, due June 1, 1978, with warrants to purchase 2,185,974 shares of TWA common stock. Each unit, consisting of $1,000 principal amount of debentures and warrants to purchase 27 shares of common stock, is priced at $1,230.

The warrants entitle holders to purchase common stock of the company through June 1, 1965 at $20 a share, and thereafter until their expiration on Dec. 1, 1973, at $22 a share, in each case subject to adjustment.

The debentures are redeemable at redemption prices ranging from 106.125% to par, according to maturity, and for the sinking fund at par, plus accrued interest in each case.

The TWA securities being offered are owned by Hughes Tool Co., beneficial owner of 5,221,301 shares (approximately 78.23% of the company's outstanding stock). Hughes Tool is also the beneficial owner of $30,000,000 aggregate principal amount of convertible subordinated debentures which are convertible into a maximum of 1,363,636 shares of common stock at a conversion price of $22 a share. In addition, Hughes Tool is beneficial owner of $80,962,100 aggregate principal amount of debentures and related warrants to purchase 2,185,976.7 shares of common stock, substantially all of which comprise the current offering of units.

Trans World Airlines, is the only United States air carrier authorized to provide service on a scheduled basis on both a transcontinental and a transatlantic route system. TWA's domestic routes connect major East Coast and mid-continent cities and Los Angeles and San Francisco. Internationally, TWA serves 16 cities in Europe, North Africa and Asia.

Goodale, Bertman Units Offered

Mr. Benjamin A. Goodale, Chairman of Goodale, Bertman & Co., Inc., has announced that the company is offering publicly 600 units in its 1963-64 Drilling Fund Program at $5,000 per unit.

The purchase of a unit will enable the participant to invest as a co-owner in the acquisition and exploration of a number of oil and gas leases located in the Gulf Coast area of Texas, and in the development and operation of any of the properties upon which discovery of oil, gas or other minerals is made.

Goodale, Bertman & Co. has its main office at 111 Devonshire St., Boston, Mass., with Texas offices located in Houston and Liberty.

Other officers and directors are J. G. Bertman, Jr., of Liberty, Texas, President and Treasurer; Charles W. Fisher, Jr., of Liberty, Texas, Vice-President and Secretary; Lawrence J. Vittrup, of Houston, Texas, Chief Geologist. Former Texas Governor Price Daniel will act as Counsel for the firm.

Commercial Paper Market Enjoys New Lease on Life

The commercial paper market—one of this country's oldest sources of business funds—has been enjoying a new lease on life since the end of World War II, and recent developments suggest the possibility that commercial paper will become increasingly important in the future. This is a major conclusion reached in a new study, "Trends and Cycles in the Commercial Paper Market," published recently by the National Bureau of Economic Research. The author is Richard T. Selden, professor of economics at Cornell University.

The study was undertaken to shed light on the manner in which funds flow into consumer credit. The commercial paper market is one of the most important channels through which finance companies obtain the funds they provide to consumers. With the dramatic postwar growth in consumer credit, these companies now account for the bulk of commercial paper borrowings.

Businesses borrow commercial paper funds by offering short-term promissory notes on the open market—either through a commercial paper dealer or by placing them directly with ultimate lenders. Only about 350 borrowers, mostly large firms with excellent credit standing, have used the market in recent years. In early 1963 their outstanding paper was in the neighborhood of $7 billion, twice as much as existed three years ago and more than 11 times the $600 million which was borrowed 15 years ago.

New Uses of Commercial Paper Pointed Out

Open-market commercial paper has been on the American financial scene for at least a century and a half, but today's commercial paper market is quite different from the market of a few decades ago. In the 1920's this paper matured almost exclusively within four to six months, and was held mainly by commercial banks, which valued it both for liquidity and for diversification of assets. Today maturities extend all the way from three days to a year or more, in accordance with the lender's wish. Furthermore, the study finds, banks are now only minor lenders in the commercial paper market, ranking far beyond nonfinancial corporations. Corporations have found it profitable to put temporarily idle cash to work in this manner. Other significant lenders are trust funds, investment companies, insurance companies, colleges, state and local governments, and individuals.

According to Professor Selden, a major reason for this resurgence and transformation of the market is the remarkable postwar growth of finance companies. To operate profitably, these companies must be heavy debtors. Though they continue to borrow large long-term amounts from the capital markets, as well as short-term funds from the banks, the finance companies have been able to cut borrowing costs significantly by turning more and more to commercial paper funds in place of bank credit. Since August, 1960, the prime bank rate on business loans has been 4½%, while rates on commercial paper of the same quality and maturity have been at least a full percentage point lower.

Cyclical Fluctuations Found in Market

A study reveals that there are fairly pronounced cyclical patterns in the commercial paper market. Paper placed through dealers tends to expand most rapidly during business recessions, while directly placed paper, which now accounts for about three-fourths of total paper outstanding, experiences its greatest growth during periods of general business expansion. Professor Selden attributes these disparities to differences among the major borrowers in the two divisions of the market. The demand for dealer paper funds appears to be quite stable over time, with the result that changes in commercial paper rates, relative to rates on bank loans, are largely responsible for changes in amounts borrowed. On the other hand, the dozen large sales finance companies that place their paper directly are subject to wide cyclical swings in the demand for consumer credit, and hence in their own demand for commercial paper funds. Accordingly, these companies tend to borrow more during business expansions, when commercial paper rates are likely to be relatively high, and less during recessions, when they are likely to be comparatively low.

The report is one of a series emanating from a broad study of consumer credit now under way at the National Bureau with the support of a general grant from four finance companies.

The National Bureau of Economic Research is a private, nonprofit organization devoted to the scientific study and interpretation of economic facts bearing on problems of national public importance.

The study is No. 85 in the National Bureau's series of Occasional Papers.

Pacific Power & Light Company Rights Offering

Pacific Power & Light Co. is offering holders of its common stock the right to subscribe for 718,354 additional common shares at $23.75 per share, on the basis of one new share for each 20 shares held of record Oct. 30, 1963. Rights will expire Dec. 5, 1963.

The offering will be underwritten by a group jointly managed by Blyth & Co., Inc., Merrill Lynch, Pierce, Fenner & Smith Inc. and Paribas Corp., New York.

Net proceeds from the financing will be applied toward the retirement of bank borrowings made or to be made in connection with the company's construction program. Construction expenditures in 1963 are currently estimated at $52,500,000, of which approximately $27,975,000 had been expended through Aug. 31, 1963.

Pacific Power & Light Co. is engaged principally in supplying electricity in more than 240 communities in the states of Oregon, Wyoming, Washington, California, Montana and Idaho. The company also furnishes steam heating, telephone and water service in portions of its territory.

Two With Pierre Smith

ELYRIA, Ohio—Joseph S. Kolbe and Stevens M. Kostrub have become associated with Pierre R. Smith & Co., Elyria Savings & Trust Building. Mr. Kostrub was formerly with L. A. Caunter & Co. and Joseph, Mellen & Miller, Inc. in Cleveland.

With First Nebraska

OMAHA, Neb. — Alfred L. Fox has become affiliated with First Nebraska Securities, Inc., Omaha National Bank Building. He was formerly with H. O. Peet & Co.

Air Products & Chemicals, Inc. Private Financing

Air Products & Chemicals, Inc. (Allentown, Pa.), producer and distributor of a complete line of industrial and medical gases and related equipment, has arranged for the private placement through Kuhn, Loeb & Co., Inc., New York of $25,000,000 principal amount of 5½% promissory notes due Oct. 1, 1983 with a group of institutional investors. Of such amount, $16,000,000 has been sold and the corporation has agreed to sell to the same investors, prior to June 30, 1965, up to an additional $9,000,000 of such notes.

Proceeds of the financing will be used by Air Products to repay bank loans and to provide additional funds for capital expenditures.

With Continental Secs.

MINNEAPOLIS, Minn.—Anthony M. Gould has joined the staff of Continental Securities, Inc., 607 Marquette Avenue.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—No Democrat has ever won the White House without carrying a majority of the Southern States. Yet it is possible of course from a matter of simple arithmetic.

The South has one-fourth of the electoral votes—144 of 538 or more than half of a majority.

President Truman won in 1948 although he lost Alabama, Mississippi, Louisiana and South Carolina to the States Rights ticket, and President Kennedy won in 1960 although he lost Florida, Kentucky, Tennessee and Virginia.

Because the Southern vote historically has been so important to the cause of the Democrats, the Dixie vote is of marked significance. In 1960 the total Republican vote in 13 Southern States was 5,722,355, while the Democratic vote (including 285,820 votes for unpledged electors) was 6,434,576 for a total of 12,156,931.

A few days ago in historic Charleston, S. C., Republican leaders from the 11 Confederate States, along with Kentucky and West Virginia, had a workshop conference preparatory to next year's presidential election.

Rest Hopes On Goldwater

The GOP chieftains met in old Charleston's red-brick Francis Marion Hotel with staff members of the Republican National Committee in Washington lending assistance. Coming close on the heels of the recent general elections, including the governorship races in Kentucky and Mississippi, the Republican pow-wow was more of a "Goldwater" story than anything else.

The "Goldwater story" overshadowed all other events. The Republicans are strongly hopeful of carrying the South in 1964. They believe sincerely they can, but nearly all of the state chairmen, national committeemen and committeewomen believe that Senator Barry Goldwater of Arizona must be their standard bearer to do it.

John E. Grenier, a Birmingham attorney, recently appointed regional director of the Goldwater-for-President Committee in the 11 Confederate States, expressed strong hope and belief that at the San Francisco Convention next summer, all 280 delegates from those states will be in the Goldwater camp.

It will take 655 delegate votes under the Republican formula at San Francisco to nominate the next Republican candidate to oppose President Kennedy's re-election bid. Mr. Grenier said at Charleston he is confident that if the South can supply 280 votes or close to that number, then Mr. Goldwater will be the nominee and the next President.

Who's the Alternate Choice?

A big question in the minds of numerous Republicans from over the Southland is: if Goldwater does not run or should run and fail to get the nomination, who would their second choice be.

As of now it appears that Senator Thruston Morton, the senior Senator from Kentucky and former Republican National committeeman, is the apparent second choice.

Governor Nelson A. Rockefeller's forces came to the regional conference and, like the other visitors to the Charleston pow-wow, were greeted as they entered the Francis Marion Hotel lobby with a big banner that proclaimed: "Retire the Kennedy's in 1964."

No Love for Rockefeller

William E. Miller of New York, chairman of the Republican National Committee, expressed the belief that 1964 is the year that Dixie is going Republican. He said he thought it was going Republican because this vast region is a conservative region and the Republican party stands for conservatism.

Congressman Miller may be right—the majority of the Southern States might go Republican for the first time, but it is apparent, if not obvious, at this time they have no enthusiasm to support Governor Rockefeller. Why? Some of the Southern Republicans said he (Rockefeller) is much like President Kennedy in his political philosophy.

Archibald Gillies, a spokesman for the New York Governor at the pow-wow, said he visited Charleston to represent George Hinman, the Governor's campaign manager, who was in Oregon lining up Rockefeller's support.

There was no question that the civil rights issue is playing a substantial part in Southern Republican politics, but many of the leaders are not discussing this angle. Some of them are insisting that Governor Rockefeller's stand on this question is no different from that of President Kennedy.

In Governor's Corner

There was at least one Southern Republican National Committeeman who is in favor of the nomination of Governor Rockefeller. He is Winthrop Rockefeller of Morrelton, Ark., brother of the New York Governor, who was warmly received and applauded when he made a little talk at the executive workshop session of the party workers.

In an interview, Winthrop Rockefeller readily acknowledged that as of now he did not think his brother could get the majority of delegate votes of a single Southern State. As a matter of fact, he did not believe his brother could at this time win in a single Southern state in an election. However, he thought the picture might change.

Mr. Rockefeller made it clear nonetheless that he is definitely for his brother's nomination, and will do what he can in an effort to get him nominated.

Winthrop Rockefeller, who farms and raises cattle on 34,000 acres of land in Arkansas, actively participated in the conference. He stood like many others when the orchestra struck up "Dixie" at the dinner meeting, and he stood and was applauded by fellow Republicans as the Arkansas delegation was introduced at the dinner. In an interview, he told newsmen he thought "the South has had a belly full of the Kennedy's."

"Watch this company jump. Their early 1964 model will really be a seller—a 52 inch screen to get in all of Jackie Gleason!"

New Battle Song?

Winthrop Rockefeller smiled, like many other people, when the maroon-coated orchestra played the "Sidewalks of New York" when the dinner toastmaster introduced National Chairman Miller of New York, and Mr. Miller strode to the microphone and facetiously remarked:

"Of course the Orchestra did not know it, but we recently changed our theme song in New York to 'Happy Days Are Here Again'."

Formula for Victory

Rubel Phillips, who was the first major Republican gubernatorial candidate in Mississippi since the Reconstruction Era, and who made a remarkable race in view of the all-out efforts of the Mississippi professional Democratic politicians in the closing weeks of the campaign, had a word for the party leaders. He told fellow Dixie Republicans:

"In 1964 if the Republican party doesn't come up with a candidate better than John Kennedy and a platform that is better than the Democrats, we are not going to win in the south and we won't deserve to win. If we have a better candidate and a better platform, we will carry the South in the presidential race. We can't do it by saying 'me too' on every issue."

Representative Robert Wilson of California—he emphasized he hails from Southern California—chairman of the House Republican campaign committee, pointed out that in 1962 Republicans won five additional seats in the South for a total of 13 in this once solid sector for the Democrats. Mr. Wilson said the South's goal in 1964 should be 20 seats.

Prospects in Georgia

Georgia has the dubious distinction of having never given a candidate other than a Democrat a majority of its votes in presidential elections. Robert R. Snodgrass, Georgia Republican National Committeeman, and a prominent businessman, made a prediction.

He said if Senators Richard B. Russell and Herman Talmadge are passive in their efforts in 1964, he thought Georgia would be in the Republican column next year if either Senator Goldwater or Senator Morton is the standard bearer. Mr. Snodgrass said he did not believe former Vice-President Richard M. Nixon would run as well in 1964 as he did in 1960 when he was the Republican presidential nominee.

Goldwater and TVA

George Ed Wilson, Jr., state chairman of Tennessee, expressed the opinion that Goldwater could carry Tennessee despite his advocacy that the government-owned Tennessee Valley Authority (TVA) should be sold and the Federal Government get out of competition with private business.

"They say to a man they wished he had not said what he did about TVA," said Mr. Wilson, "but the people of Tennessee respect and admire his straight forwardness and his conviction."

Republican Leader Thomas Stagg of Shreveport, La., cracked facetiously about TVA: "If Barry wants to sell it, let Rocky (Governor Rockefeller) buy it."

The day has come when it is respectible to be a Republican in the old south.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

COMING EVENTS

IN INVESTMENT FIELD

Nov. 13-15, 1963 (Chicago, Ill.)
American Bankers Association First National Automation Conference at the La Salle Hotel.

Nov. 16, 1963 Philadelphia, Pa.)
Investment Traders Association of Philadelphia annual dinner and dance at the Germantown Cricket Club.

Nov. 20, 1963 (New York City)
Association of Stock Exchange Firms Annual Meeting of members for election of new officers and governors; Governors' Dinner at the University Club.

Dec. 1-6, 1963 (Hollywood Beach, Fla.)
Investment Bankers Association of America Annual Convention at the Hollywood Beach Hotel.

CHRONICLE's Special Pictorial Supplement Dec. 19.

Dec. 2-3, 1963 (New York City)
National Association of Mutual Savings Banks 17th Mid-Year meeting at the Commodore Hotel.