

Crush of Bad News Depresses Market

From News Dispatches

NEW YORK, May 14—Stock market prices tumbled today on a crush of bad news that sent investors to the sidelines.

The Dow Jones average of 30 industrials, most widely watched indicator of New York Stock Exchange activity, dipped to its lowest point in more than a year; the American Stock Exchange price-change index closed at its lowest level in 2½ years; and the NASDAQ composite index of prices on the over-the-counter market also declined.

Analysts said investor confidence was at a low ebb because of the uncertainties surrounding Watergate, weakness of the dollar overseas and growing signs of a slowdown in the economy with no accompanying slowdown in the rate of inflation.

In economic news, there were signs of slackened support for the administration's Phase III program among the nation's businessmen. Cost of Living Council chairman John T. Dunlop said he doubted there would be any tightening of current wage-price controls.

The Dow Jones average of 30 NYSE industrials skidded down 18.29 to close at 909.69. On Feb. 8, 1972, the Dow fell to 907.13. The drop of better than 18 points was the sharpest since May 25, 1970, when the Dow skidded better than 20 points in a single session. Today was the fourth straight day that the market moved downhill.

The board-based NYSE index of some 1,500 common stocks finished down 1.23 at 56.20.

Standard & Poor's 500-stock index lost 2.20 to 105.90, a low for 1973, and the average price of a NYSE common share dropped 83 cents.

Declines ran far ahead of advances, 1,322 to 187, among 1,766 issues traded.

Volume amounted to 13.52 million shares compared

with 12.98 million shares changing hands Friday.

The price-change index on the Amex closed down .22 at 23.31.

It was the lowest point for the index since Jan. 6, 1971, when the gauge stood at 23.06, and its sharpest fall since March 22, 1972, when it lost .24 to close at 24.75.

Declines swamped advances by 726 to 137 among the 1,145 issues changing hands on the Amex. Volume was a moderate total of 2.74 million shares—including 12 blocks of 10,000 or more shares—compared with 2.51 million shares Friday.

On the Over-the-Counter market, the NASDAQ composite index declined 2.64 to finish at 106.46.

Declines overpowered advances by 1,425 to 156 among the 3,175 issues traded. Volume totaled 6.14 million shares, up from 5.46 million Friday.

Analysis blamed the Watergate scandal for part of the market's woes.

"There is now a credibility question of our White House and its tenant, and this is definitely reflected in

the market," said Charles Lewis of Windler, Cantor & Pomboy.

Eldon Grimm of Walston & Co. added that the severe attack on the dollar stemmed mainly from lack of European confidence in the Nixon administration.

"The reverberation of the discount rate hike is still being felt," said Larry Wachtel of Bache & Co.

The Federal Reserve boosted the discount rate ¼ percentage point to 6 per cent last week.

General Motors led the NYSE actives, off 1½ to 68½ on 140,900 shares. Exxon was second, off 2½ to 92¼ on 137,200 shares, and Ford Motor third, off 2 to 56½ on 133,200 shares.

International Telephone & Telegraph Corp. was actively traded, and fell 2 to 35. Raymond L. Dirks, the stock analyst who broke the equity funding scandal, said he told The New York Stock Exchange today he had been told by a Journalist that ITT had donated \$3 million to the Committee to Reelect the President. The company called the charge "ridiculous."

Gold stocks resisted the downward trend, and finished sharply higher as the price of gold on foreign markets reached record levels. Among the winners were Dome Mines, up 6¼; American South African, 5¼; Campbell Red Lake, 4¾; and Homestake Mining, 4.

Leading the AMEX actives, Trans World Airlines warrants declined ¾ to 14¼ on 122,400 shares traded. Syntex was second, off 2¼ to 61 on 77,800 shares.

American Financial Corp., which reported higher earnings, rose 1¼ to 13¼ and topped the OTC active issues. Penn Life slid ½ to 3¾; Agnico Eagle Mines, reflecting the renewed interest in gold-mining stocks, climbed 13-16 to 5¼. American Express fell 2¾ to 50¾, and Penn Offshore Gas dropped ¾ to 6¼.

Treasury Bill Rates Increase

Short-term borrowing costs to the government, as reflected in weekly Treasury bill rates, rose at yesterday's auction.

On 91-day bills, of which the Treasury sold \$2.5 billion, the rate averaged 6.179 per cent, up from last week's 6.136 per cent and the highest since April 30, when the rate averaged 6.278 per cent.

On 182-day bills the Treasury paid an average rate of 6.456 per cent, up from last week's 6.431 per cent and also the highest since April 30, when the rate averaged 5.575 per cent. The Treasury sold \$1.7 billion of the six-month bills.