

Wall Street Reacts To Watergate News

New York

A surge of buying moved into the stock market yesterday, shortly after reports circulated that several high-level figures in the Nixon administration were resigning in connection with the Watergate affair.

The Dow Jones industrial average was down 9.86 points at 11:30 a.m. Moments later, news wires carried reports of the impending resignations and the market rallied sharply.

By 1 p.m. the Dow was in plus territory and it traded in a narrow range for the

balance of the afternoon, closing at 921.43, down 0.76 point for the session. Declining stocks outnumbered gains, 826 to 596, indicating that the general market was decisively lower.

Nevertheless, the morning rally came as an optimistic sign following a week in which the D-J had topped 41.01 points and the clouds of gloom had thickened over Wall Street.

Analysts have repeatedly contended that the Watergate scandal was not a factor in the stock market's behavior because it lacked

economic significance. But yesterday's market turnaround implied that the scandal's psychological impact on the investment atmosphere may have been underestimated.

The theory gaining strength now is that resolution of the Watergate matter would enable the Nixon Administration to devote its energies once more to the state of the economy, where the pace of inflation has been the paramount concern of investors.

At the close of trading, 14.82 million shares had changed hands on the big board, up from 13.73 million Friday, but still moderate by most standards. Virtually all of the increase occurred between 11:30 a.m. and 1 p.m., when the Watergate news was breaking.

The volume leader was Gulf Oil, down $\frac{1}{2}$ at 25, on massive turnover of 859,600 shares.

Two other petroleum stocks, Exxon and Phillips, were actively traded and weak. Exxon, which touched a high of $103\frac{1}{4}$ last week before being hit by profit-taking, slid $1\frac{1}{2}$ yesterday and closed at $96\frac{1}{4}$. Phillips fell $1\frac{3}{8}$ to $44\frac{3}{4}$.

ITT remained soft, losing a point and closing at 32 as the second most active stock.

Gold stocks were strong again, reflecting improving earnings and speculation on further increases in the price of the yellow metal. Dome Mines climbed $1\frac{1}{2}$ to $88\frac{3}{4}$ after reporting a sharp first-quarter earnings gain and raising its dividend.

Campbell Red Lake shot up 3 to 61 and American South African rose $1\frac{3}{4}$ to $72\frac{1}{4}$. Homestake Mining moved up / to $41\frac{3}{4}$.

Prices on the American Stock Exchange and the Over-the-Counter market registered their sixth consecutive decline.

The exchange's price list finished off 0.08 at 23.49. A total of 554 issues declined while 313 rose.

In the counter market, the Nasdaq Industrial index closed down 0.49 at 102.90. Of the 3201 issues traded, 955 fell, 892 rose and 1854 were unchanged.

The volume leader on the exchange was Teleprompter, which gained $\frac{3}{8}$ to $21\frac{7}{8}$ on 104,500 shares. The cable television concern said it plans a public offering. The number of shares to be offered wasn't disclosed.

Turnover on the Amex expanded to 3.1 million shares from 2.99 million on Friday.

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