

Market Booms in 'Nixon Rally'



The New York Times/Don Hogan Charles

Brokers on the floor of the New York Stock Exchange formed a blur of activity twenty minutes after the opening gong. At that time ticker tape was running two minutes late.

DOW SURGES 32.93

Records Set by Both
Climb in Average
and Turnover

By VARTANIG G. VARTAN

The stock market exploded yesterday in a "Nixon rally" that sent prices soaring to their best single-day gain in history in record-shattering volume.

The Dow-Jones industrial average, the market's blue-chip barometer, boomed 32.93 points in a dazzling session to finish at 888.95.

Volume on the New York Stock Exchange, where floor members greeted the opening bell with a roar of anticipation, climbed to 31.72 million shares. It thus eclipsed the former peak of 28.25 million shares on Feb. 9 of this year.

On Sunday night, President Nixon charted a new economic course for the nation by ordering a 90-day freeze on wages

Market Summary

Monday, Aug. 16, 1971

N.Y. Times Industrials	930.18	+ 46.84
N.Y. Times Railroads	135.64	+ 5.69
N.Y. Times Combined	532.91	+ 26.27
N.Y.S.E. Composite	54.67	+ 1.79
Standard & Poor's Comp.	98.76	+ 3.07
Dow-Jones Industrials	888.95	+ 32.93

NEW YORK STOCK EXCHANGE (Volume 31,720,000 shares)

	Monday	Friday
Total Issues	1,694	1,620
Advances	1,503	599
Declines	107	686
Unchanged	84	335
New Highs	81	11
New Lows	17	43

ODD-Lot TRANSACTIONS

Purchases	Short Sales	Total Sales
215,836	3,653	314,176

and prices, along with other key domestic and international moves designed to strengthen the beleaguered dollar and to combat inflation.

On Wall Street, the reaction yesterday was immediate and electric. "All brokers are the happiest people in the world today," one salesman declared.

Brokerage-firm officials and analysts spoke frequently of the "package" put together by President Nixon in his surprise nationwide message.

'Highly Constructive Move'

"We regard this as a highly constructive move on the part of the Administration," summed up Harry A. Jacobs Fr., president of Bache & Co., Inc.

"History will call this the Nixon rally," a broker commented in a mid-Manhattan office where tapewatchers stood entranced in an elbow-to-elbow crowd.

But the stock market itself spoke the final word—and the message on the tape was an eye-popping 5½-hour show.

A variety of forces fed the market in its forward gallop: short covering of volatile issues by traders, some buying by foreigners, gap openings whereby stocks opened points above their Friday close, block trades by institutions and purchases by individual investors.

Huge gains in the bond market, which also responded affirmatively to the President's speech, helped to buoy stock prices.

International Business Machines, which opened at 2:40

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P.M. at 320, finished at 314 with a gain of 19 points. It was one of many multinational, American-based companies that, according to analysts, would receive a windfall inasmuch as its assets abroad would become more valuable under the Nixon package.

Bausch & Lomb, a stock that zoomed on short covering by traders who previously sold borrowed shares, climbed 15¼ points to 152¾. It changed hands at a new high of 153.

Corning Glass Works rose 16½ points to 249¾.

Among the blue chips, Westinghouse Electric moved up 5½ to 90¾ and E. I. du Pont de Nemours, which also opened in the final hour, rose 5½ to 147½.

General Electric, high on the active list, climbed 3¾ to 59.

Chrysler, the volume leader, moved ahead 4¾ points to finish at 30¾ and thereby post the best point gain on the active roster.

Auto Maker Benefits

As an auto maker, Chrysler symbolized several benefits set forth under the overall program that Mr. Nixon described as "the most comprehensive new economic policy to be undertaken in this nation in four decades."

The President called for Congress to repeal the 7 per cent excise tax on autos, as well as announcing a 10 per cent surcharge on imports.

General Motors, Ford and American Motors were among the Big Board issues that failed to open because of an imbalance of orders.

The imposition of a surcharge on imports helped stocks in industries that have been buffeted by foreign competition and the influx of low-price goods. Underscoring this point, United States Steel rose 3¾ to 31 and Bethlehem Steel climbed 2¾ to 24½ on the active list.

Manufacturers of television sets and other electronic equipment similarly benefited. RCA moved up 3¼ to 35¾ and Motorola recade ahead 6⅞ to 85¼.

Japanese Concern Drops

Sony, the only Japanese company listed on the Big Board, proved to be a casualty of the import surcharge. This maker of TV sets and other products plunged 3 points to 16 as the second most heavily traded issue.

Japan Fund, a closed-end investment company that invests mostly in Japanese securities, fell 2½ to 10¾.

The New York Times combined average, posting its best day's gain in history, spurted 26.27 points to 532.91. Transportation and utility averages also moved ahead sharply. American Telephone and Telegraph added ¾ to 44½.

Yesterday's gain of 32.93 points in the Dow industrials proved a record-breaker by a narrow margin.

The previous record was set on May 27, 1970, a time when stocks were being clawed by a bear market. The indicator rose 32.04 points that day, closing at 663.20, with much of the credit going to a psychological uplift that stemmed from a scheduled White House meeting the same night with 40 business leaders. President Nixon played host.

On May 26, 1970, the Dow sank to a 7½-year closing low at 631.16. In late April of this year, the recovery move got as high as 950 before undergoing an 11 per cent correction.

Large Gains Posted

Among the bigger point-gainers yesterday, Texas Instruments rose 11 points to 113, Burroughs moved up 12½ to 133¾ and Digital Equipment climbed 8⅞ to 78½.

Gains of more than 5 points showed in such issues as Xerox, Honeywell, Polaroid, Lubrizol, Control Data and Walt Disney Productions.

The market displayed these breathtaking statistics: 1,503 advances and 107 declines, 81 highs and 17 lows.

In contrast, not a single issue on the Big Board made a yearly high in the session of Aug. 6, while 90 stocks wobbled to lows. Those were the dog days of August when volume ran little better than 9 million shares a session and boredom and cynicism rivaled despair and confusion along Wall Street.

"Things got so bad a couple weeks ago that I thought of jumping out the window," one broker recalled yesterday. "As it so happened, my office is on the first floor."

Machinery stocks went up on the President's proposal to restore the former 7 per cent investment-tax credit to a temporary rate of 10 per cent.

Ingersoll-Rand, for example, rose 5½ to 56.

Textile issues, long plagued by the import problem, responded with gains. M. Lowenstein & Sons went up 4¼ to 37¼, and J. P. Stevens added 2½ to 27¾ losses.

Sharing with issues related to Japanese products were the gold and oil groups, each reacting to different pressures.

Gold-mining issues ranked among the market's biggest plungers. Dome Mines toppled 4¾ to 67½. Losses of 2 or more points appeared in Homestake Mining, Campbell Red Lake Mines and American-South African Investment. These declines came in the wake of Mr. Nixon's action to cut off the exchange of gold at \$35 an ounce to other governments wishing to cash in excess dollars.

Standard Oil (New Jersey) dropped 3¾ to 70½ in active trading. Mobil was down 2¾ to 48¾, and Amerada Hess fell 2¾ to 56¾.

'Public Alive Again'

Continuing to depress the international oils was last week's announcement by the Organization of Petroleum Exporting Countries that they intended to take "immediate and concerted action" leading toward participation in existing oil concessions.

But weak stocks were definitely the exception in yesterday's booming market.

"The public is alive again," said Remigio Ciullo, who manages an office of Merrill Lynch, Pierce, Fenner & Smith, Inc., in the Grand Central area.

Not only is the small investor alive and active again, in the opinion of Alan R. Shaw, a vice president at Harris, Upham & Co., Inc., but he apparently accounted for much of yesterday's buying activity.

Mr. Shaw and other Wall Streeters noted a considerable amount of selling—as well as some buying—by institutions. Brokers also said that hedge-fund buying in the form of short covering formed part of the pattern.

Analysts noted that the market moved up in stepladder fashion inasmuch as many stocks had delayed openings. For some issues, the opening prices proved to be the highs for the day.

"It was a very emotional type of day," one broker commented.

Percentage Gains

Stocks with the largest percentage gains on the New York Stock Exchange yesterday.

Stock	Last Price	Net Chng.	Pct. Chng.
Bwn Sharpe	13¾	+2½	+27.4
Jones Lau	16½	+3½	+26.9
Leasona Cp	17½	+3½	+24.3
Wean Unit	7½	+1½	+23.5
Latrobe Sll	8¾	+1½	+22.8

Percentage Drops

Stocks with the largest percentage drops on the New York Stock Exchange yesterday.

Stock	Last Price	Net Chng.	Pct. Chng.
Japan Fnd	10¾	-2½	-17.0
Sony Corp	16	-3	-15.8
Deltec Int	6¾	-1¼	-15.6
Tandy Corp	32¼	-3¼	-9.2
Camp RLk	29½	-2¼	-7.1
Homestke	26½	-2	-7.1