

BIG BOARD PRICES DROP ONCE MORE

NY TIMES 13 MAY 70

A Brief 'Melvin Laird Rally'
Based on Vietnam Report
Fails to Change Trend

DOW AVERAGE FALLS 5.48

Decline Since December,
1968, High of 985 Now
Totals 28.5 Per Cent

By VARTANIG G. VARTAN

Stock prices enjoyed a brief "Melvin Laird rally" early yesterday afternoon. But, like most good things in the market these days, it did not last very long.

The Dow-Jones industrial average, turning weak again when the rally failed to generate buying momentum, dropped 5.48 points to 704.59.

Thus, the blue-chip indicator broke through its May 5 close of 709.74 to finish at its lowest level since Aug. 8, 1963.

Since the Dow topped out at 985 in December, 1968, the awesome decline has amounted to 28.5 per cent.

The market began yesterday as what one broker termed "another slow down day."

Market Summary

Tuesday, May 12, 1970		
N.Y. Times Industrials	717.80	-9.30
N.Y. Times Railroads	97.39	-1.17
N.Y. Times Combined	407.59	-5.28
N.Y.S.E. Composite	42.73	-0.40
Standard & Poor's Comp.	77.85	-0.75
Dow Jones Industrials	704.59	-5.48

NEW YORK STOCK EXCHANGE (Volume 10,850,000 shares)		
Tuesday Monday		
Total Issues	1,570	1,527
Advances	432	325
Declines	879	925
Unchanged	259	277
New Highs	1	3
New Lows	373	242

ODD-LOT TRANSACTIONS		
Monday, May 11, 1970		
Purchase	Short Sales	Total Sales
294,092	9,329	289,169

Trading was sluggish, and at 1 P.M. the Dow was nearly 7 points below its close on Monday, when the turnover of 6.65 million shares ranked as the slowest since the summer of 1967.

Then, at 1:20 P.M., a news report carried over Dow-Jones tickers electrified the market. The United Press International report stated: "Defense Secretary Laird said the Vietnamization program is going so well that the United States will have no ground fighting forces in the war after June 30 next year."

Snapback Is Dramatic

The snapback in stock prices was dramatic. By 1:40 P.M. the Dow was almost even for the day; five minutes later it was ahead by more than a point. The New York Stock Exchange tape, chattering suddenly into machine-gun clatter, ran as much as three minutes behind floor transactions.

But by 2:30 P.M. the indicator had returned to minus territory, and prices continued to slip during the final hour. Volume rose to 10.85 million shares.

Why was the rally so short-lived?

"We've heard a lot of promises before, and there tends to be a credibility gap now," commented one brokerage-house

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THE NEW YORK TIMES,

Market's 'Melvin Laird Rally' Fails to Avert Another Decline

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official. "There is still a much doubt and fear and caution on the part of investors."

The New York Times combined average declining along with other popular market indicators, was down 5.28 points to 407.59.

American-South African Investment, the only stock to reach a 1970 high this week, rose 2 1/8 to 44 1/2 to lead gold issues briskly higher.

But 373 stocks registered new lows and declines outnumbered advances by a 2-to-1 ratio. It was another bad day for glamour stocks, many of which graced the list of new lows.

Telex, off 1/4 to 14 5/8, paced the active roster. Its volume for the last two sessions has totaled more than one million shares.

The computer equipment stock, which plunged 4 3/8 points on Monday, has been jolted by an article in Barron's that maintained that the company utilized "exotic accounting." Telex has taken issue with the article.

Penn Central, No. 2 on the active list, fell 2 1/2 to 15 1/4. It sold at a record price of 86 1/2 in mid-1968. At the annual meeting of the world's largest transportation company, officials acknowledged that the railroad had not been able to keep its service up to satisfactory standards.

Avon Products plummeted 7 1/2 to 138 1/2 in active trading, while both Fairchild Camera and University Computing lost 2 1/2 points.

Chrysler, edging up 3/8 to 22 3/4, has been the only stock on the active list to post a gain this week. However, even this was achieved only after the automaker sold at a new low of 22.

General Motors declined 1 3/4 to 65 1/8, and American Telephone eased 3/8 to 46 5/8 in a ragged showing among the quality issues.

National Cash Register fell 6 to 110 after the company

offered \$150-million in convertible debentures.

The action of Bangor Punta shares demonstrated anew the impact of adverse corporate news. After the company reported a sharp drop in six-month profits and said it would take no dividend action for the rest of this fiscal year, the stock traded at a new low of 7 3/8 and closed down 1/2 at 7 1/8. The price of this conglomerate stock skyrocketed in 1967, and then, after peaking at 61 1/8 in early 1968, it began to tumble.

Steel issues generally displayed firmness, thanks to the move by United States Steel to join in the latest price increase on some products. "Big Steel" added 1/4 to 35.

Norton Simon continued to fall in the wake of its announced plans to acquire the publishing concern of Simon & Schuster. Shares of the diversified company, after trading at a new low of 33, finished at 34 1/8 with a loss of 1 7/8.

Midwest Oil, which did not trade on Monday pending an afternoon announcement, fell 3 1/4 to 69 1/4. The company said it had decided "to invite interested parties" to submit their offers as a prelude to a possible sale.

Some Wall Street analysts have put the tag, "Nixon Bear Market," to the current slump that ranks as the worst bear market since the Depression. The Dow industrials stood at 931.25—or nearly 227 points above yesterday's close—on Jan. 20, 1969, the day of President Nixon's inauguration.

This follows a chronic tendency on the part of brokers to attach the name of the man in the White House to both bear markets and bull markets. And even though Mr. Nixon is hardly the idol of the financial district these days, a top partner in one brokerage house came to his defense yesterday by saying that "Richard Nixon is the victim of forces already operating when he became President."