

# ANOTHER SLUMP BATTERS STOCKS

## Dow Industrials Off 11.30 Points After Final-Hour Rally Cuts Loss From 18.49— Brokers Call Confidence Lack Cause

By VARTANIG G. VARTAN

The stock market moved through another shock session yesterday, with the Dow-Jones industrial average hammered down by 18.49 points at 2:30 P.M. before a final-hour rally reduced the loss to 11.30 points. Closing at 665.25, the Dow industrials hovered at their lowest level in more than seven years and four months. The poorest previous closing was at 646.79 on Jan. 2, 1963.

Since topping out at 985 in December, 1968, the blue-chip barometer has plummeted 32 per cent. Some estimates by Wall Street analysts put the paper loss in all listed and unlisted stocks in the area of \$250-billion over this harrowing period.

Brokers noted that the stock market's behavior was far worse than that of the economy.

In private conversations, they said repeatedly that "a lack of confidence" or "a crisis of confidence" relating to the Nixon Administration remained at the heart of the market's problem.

A statement from the White House early in the afternoon failed to halt the selling pressure on Wall Street.

It was a day that one securities salesman described as "murder," a day when optimism seemed to go into hiding in the financial district, a day when

### Market Summaries

Thursday, May 21, 1970

N.Y. Times Industrials	660.49	-11.75
N.Y. Times Railroads	91.58	-2.06
N.Y. Times Combined	376.03	-6.91
N.Y.S.E. Composite	39.46	-0.81
Standard & Poor's Comp.	72.16	-1.36
Dow-Jones Industrials	665.25	-11.30

#### NEW YORK STOCK EXCHANGE

(Volume 16,710,000 shares)

	Thursday	Friday
Total Issues	1,612	1,578
Advances	230	160
Declines	1,190	1,258
Unchanged	192	160
New Highs	1	2
New Lows	873	617

#### ODD-LOT TRANSACTIONS

Wednesday, May 20, 1970

Purchase	Short Sales	Total Sales
410,425	16,253	391,609

nearly half of the 1,808 issues listed on the Big Board posted new 1970 lows. There were 873 lows and a single new high.

Volume expanded to 16.71 million shares, the highest turnover since March 25, when 17.5 million shares were traded, but disagreement showed among analysts as to whether the trading bore any earmarks of a long-awaited "selling climax."

The rebound in the final hour was attributed to some "bargain hunting" by venturesome investors and to short covering by traders, many of whom stood to reap profits by buying back shares they had sold earlier at higher prices.

"My biggest mistake in this market," a hedge-fund manager declared recently, "was to cover my short positions too soon."

I.B.M., the biggest point loser on the active list, fell 5 to 245½. Prior to its late recovery, the nation's most popular growth stock traded at 237, which compares with its record price of 387 earlier this year.

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At the close, more than \$16-billion had been wiped away from the valuation of all I.B.M. shares since the kingpin computer issue reached its high.

American Telephone, selling ex-dividend, traded at 43 $\frac{5}{8}$ , a 10-year low, before finishing at 44 $\frac{1}{4}$  with a half-point decline. Shares of Ma Bell sold at a peak of 75 in 1964.

Telex, off  $\frac{1}{8}$  to 13 $\frac{1}{2}$ , paced the active list. Among the larger losers on the active roster were Baxter Laboratories, off 2 $\frac{5}{8}$  to 20; International Nickel, down 2 $\frac{1}{4}$  to 34 $\frac{3}{4}$ , and Will Ross, off 4 $\frac{3}{8}$  to 34 $\frac{1}{4}$ . Gains of less than a point, meanwhile, were registered by British Petroleum, Polaroid, University Computing and Memorex.

## Homestake Is Only High

Honeywell toppled 9 points to 77 $\frac{1}{2}$  after trading as low as 73. On Tuesday, it had plunged 16 $\frac{1}{2}$  points following announcement of Honeywell's plans to merge its computer operations with those of General Electric in a joint venture. One Wall Street rationale to the amalgamation was that it might prove to be a drag on Honeywell's presently profitable computer business.

Homestake Mining slipped  $\frac{1}{8}$  to 23 $\frac{5}{8}$  after trading at 24 $\frac{3}{8}$ , thereby setting the only new yearly high on the exchange.

Other gold stocks finished lower after displaying some

There was not a single strong group in the market as losers outnumbered gainers once again by a wide margin. Yesterday's reading was 1,190 declines and only 230 advances.

General Motors eased  $\frac{1}{4}$  to 62 after trading at 61 $\frac{1}{2}$ , its lowest price since 1963. Westinghouse Electric fell 3 $\frac{1}{8}$  to 57 $\frac{7}{8}$ . Losses of more than a point appeared in Eastman Kodak, du Pont and Owens-Illinois.

An emissary to the White House yesterday was Bernard J. Lasker, chairman of the exchange's board of governors, a close friend of the President and a fund raiser during the Nixon campaign. Recently, he spoke of the President as "my hero."

In the early afternoon, an announcement said the President had told Mr. Lasker that he was "confident the present adjustments in the economy will give way to renewed expansion."

## A Note of Reality

So why did stock prices react to the Presidential message in negative fashion?

"The credibility gap between Washington and Wall Street is widening," explained one brokerage-house official. "The market will go up when you see actual deeds, such as a further increase in money supply or a cut in the discount rate, rather than when you hear more words of cheer."

Some of the losses absorbed

during the current bear market stagger the mind as well as the pocketbook. Penn Central, the biggest transportation company in the world, traded yesterday as low as 12 $\frac{7}{8}$ , a price that compares with its peak of 86 $\frac{1}{2}$  two years ago. The stock fell  $\frac{1}{2}$  to 13 $\frac{1}{8}$  in active trading.

But this is only one stock. What's been happening to the broader-based indicators? The Dow-Jones transportation average, falling 1.63 points yesterday to 140.67, has been cut almost in half over the last 15 months. This average embraces 20 railroad, airline and trucking issues.

Ling-Temco-Vought, a conglomerate that sold at a high of 169 $\frac{1}{2}$  in its heyday only three years ago, closed at 8 $\frac{3}{4}$ , down  $\frac{5}{8}$ , after trading as low as 8 $\frac{3}{8}$ . This followed omission of the quarterly dividend by Jones & Laughlin Steel, down 1 $\frac{5}{8}$  to 12 $\frac{7}{8}$ , a company that is controlled by Ling-Temco-Vought.

Background factors weakening the general market were disclosures by President Nixon of impending deficits in the Federal budget, as well as a Labor Department report that the rate of inflation worsened slightly in April.

Meanwhile, some Wall Streeters pointed to one other closing on the Dow industrials—931.25 on Jan. 20, 1969, the day of Mr. Nixon's inauguration. The barometer is now exactly 266 points lower.