

BIG BOARD SINKS TO A 7-YEAR LOW

Dow Falls by 20.81 in Biggest One-Day Decline Since the Death of President Kennedy—Volume at 12.66 Million

By VARTANIG G. VARTAN

The stock market was battered down yesterday to its lowest level in nearly seven and a half years as the Dow-Jones industrial average, falling 20.81 points to 641.36, posted its biggest one-day break since the assassination of President Kennedy on Nov. 22, 1963. More than half of all stocks listed on the New York Stock Exchange set new 1970 lows.

Wall Street brokers recited repeatedly that basic factors behind the demoralized market included a crisis of confidence with the Nixon Administration, fears that galloping inflation is not being checked and the worry over two foreign fronts—Indochina, where United States combat troops are committed, and the Middle East, where Arab-Israeli tensions are mounting.

The Dow industrials, studied with 30 of the nation's big-

Market Summaries

Monday, May 25, 1970

N. Y. Times Industrials	637.81	-23.69
N. Y. Times Railroads	88.50	-3.11
N. Y. Times Combined	363.15	-13.40
N. Y. S. E. Composite	38.20	-1.24
Standard & Poor's Comp.	70.25	-2.00
Dow-Jones Industrials	641.36	-20.81

NEW YORK STOCK EXCHANGE (Volume 12,660,000 shares)

Monday Friday

Total Issues	1,623	1,589
Advances	130	515
Declines	1,370	797
Unchanged	123	277
New Highs	0	0
New Lows	911	519

ODD-LOT TRANSACTIONS Friday, May 22, 1970

Purchase	Short Sales	Total Sales
490,179	16,801	399,847

gest and best-known companies, was down more than 7 points at 10:30 A.M. and the decline gained force during the bluest of blue Mondays without any rally attempt.

The closing bell found the indicator at its poorest reading of the day. This marks the lowest close for the Dow since it finished at 640.14 on Dec. 18, 1962. On the Friday of President Kennedy's assassination, the break amounted to 21.16 points during an abbreviated session.

International Business Machines toppled 7 points to 241. Among issues dropping 6 or more points were Walt Disney Productions, Owens-Corning Fiberglas, Bausch & Lomb, McIntyre Procupine Mines and American Research and Development.

The New York Times combined average, reaching a new low since January, 1963, dropped 13.40 points to 363.15.

Finishing in new low ground since late 1963 was the Big Board's composite index. Encompassing all common stocks on the exchange, it dropped 1.24 points to 38.20.

Not a 'Selling Climax'

Volume ran moderately heavy at 12.66 million shares, but it was far short of any "selling climax," which some market analysts say may be required before any remaining weakness is wrung out of the market. The daily average for this year is around 10.5 million shares.

Occidental Petroleum, the most active issue, fell 2 points to 13½. Two years ago, it reached a peak price of 54⅞. Although management has indicated "Oxy's" earnings could climb by 10 per cent this year, weakness in the stock apparently reflects investor concern over the company's stake in Libya during the rising tensions in the Middle East.

International Telephone and Telegraph dropped 4¾ to 34¾ in active trading in the initial response to clearance by the Connecticut insurance commissioner for the company's proposed plan to acquire Hartford Fire.

Brokers conjectured that one factor behind the price decline in I.T.T. was that the company would issue new "paper," or

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securities, if the mammoth merger finally goes through.

American Telephone eased $\frac{1}{8}$ to $43\frac{1}{2}$ after trading at a new 10-year low of 43. Elsewhere on the active roster, declines of more than 2 points appeared in Fairchild Camera, Xerox and White Consolidated Industries.

One Gainer on List

Penn Central, edging ahead $\frac{1}{4}$ to 12, was the lone gainer among actively-traded stocks. However, the stock fell $3\frac{3}{8}$ last week and sold as low as $11\frac{1}{8}$ —a price that compares with its high of $86\frac{1}{2}$ two years ago.

Heavy losses in railroad operations and a shortage of working capital has hampered the world's largest transportation company.

For the second straight session, not a single new 1970 high was recorded on the Big Board. Declines outnumbered advancing stocks by an awesome margin of 1,370 to 130. A total of 911 stocks made new yearly lows. There are 1,808 common and preferred issues listed on the exchange.

Intensifying the decline were the maintenance calls sounded by brokerage houses to shore up margin accounts of clients, a process that bred additional selling. The lure of a record 9.2 per cent yield in top-rated corporate bonds also weakened the stock market.

Before yesterday's slide, calculations put the loss in market value of all listed and unlisted securities over the last 18 months at around \$280-billion. If this sum were pro-rated among the nation's 26 million shareholders, it would work out to a paper loss of more than \$10,000 for each person. The loss suffered by institutional holders, however, would pare this decline somewhat.

Some brokers, moreover, estimate privately that the bear market that began in December, 1968, has erased the bulk of stock-market profits realized by investors during the decade of the "soaring sixties."

Calm Spurs Fears

A published report that President Nixon's economic aides were calm about the market drop served only to heighten the fears and tensions on Wall Street yesterday. The fact that Washington was not sufficiently worried about the situation was, in the opinion of many observers, one of the dominant worries expressed in the financial district.

"Why don't the Nixon people wake up?" said one brokerage-house official irately. "This is what capitalism is all about." One hedge-fund manager noted that "if the stock market keeps going down, it can carry the economy with it." A down-spinning economy, he added, could make a shambles of efforts to show only a small deficit in the Federal budget.

Since the Dow industrials topped out at 985.21 on Dec. 3, 1968, the decline amounts to 34.5 per cent. Over the last five weeks, the Dow has plung-

ed a dizzying 134 points, virtually without letup. Furthermore, this indicator has fallen 290 points since the inauguration of President Nixon on Jan. 20, 1969.

In Washington, Budget Director Robert Mayo told reporters yesterday that he believed "the stock market will find a new level and make its own adjustments" just as the economy currently is adjusting.

Some Take Social View

On Wall Street, observers keep pointing out that the stock market has been acting a lot worse than the economy, which has lurched into a recession of undetermined proportions. Some brokers, taking a social view of the business scene, say that the market is reflecting the deeply divided views of Americans over such critical issues as the war in Indochina.

There is a growing belief in the investment community that only some dramatic new development, such as a speedier pullout of United States troops in Southeast Asia or the establishing of wage-price guidelines, can set off a meaningful rally in stock prices.

The market moved through the session without any group displaying strength. Even the gold stocks lost ground, as brokers said that the list generally felt the impact of "forced" selling to free money for margin accounts.

Among the blue chips, General Motors declined $\frac{7}{8}$ to $61\frac{3}{4}$. Alcoa and du Pont each fell more than 3 points. Dropping by 2 points or more were Westinghouse Electric, Bethlehem Steel, General Electric, and Eastman Kodak. The only gainer among the 30 Dow industrials was General Foods, up $\frac{1}{2}$ to $67\frac{1}{2}$.

Honeywell, selling ex-dividend, fell $2\frac{3}{4}$ to $83\frac{3}{4}$ after disclosing plans for additional worker layoffs. Veeder Industries, with a stake in the recently favored "gasoline-pump" group that stands to benefit from sales of unleaded gasoline, declined $4\frac{1}{4}$ to $35\frac{3}{4}$ after plunging $8\frac{1}{8}$ points on Friday.

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