

# STOCKS UP 32.04; RISE SETS RECORD FOR A SINGLE DAY

Market Struggles to Find  
Its Way From One of  
Its Deepest Slumps

DOW AVERAGE AT 663.20

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Bond Prices Also Advance,  
as Do Those on the Amex  
and Over-the-Counter

By LEONARD SLOANE

The stock market, struggling to fight its way out of one of the deepest slumps in history, soared yesterday to the largest one-day advance ever recorded.

As measured by the most closely-watched indicator — the Dow-Jones industrial index of 30 blue-chip stocks on the New York Stock Exchange — stock prices spurted 32.04 points to 663.20. The previous record gain had occurred on Nov. 26, 1963, the Tuesday after the funeral of President John F. Kennedy, when the index leaped 32.03 points.

Bond prices, which had been declining almost without interruption for about eight weeks, also rose, although not as impressively as Big Board stocks. Stocks on the American Stock Exchange turned in their best daily performance in almost eight years, while over-the-counter issues moved sharply higher, too.

The record-breaking occurrences on the Big Board, which included a late-running ticker tape for a minute after the close, became known too late in the day, however, to stimulate general gains on the world's other major stock exchanges. Prices closed either slightly lower or mixed on most foreign exchanges.

## Political Factors Cited

Until yesterday's bullish performance on the corner of Wall and Broad Streets, many leaders in the investment field had been attributing the decline to such factors as the war in Vietnam and Cambodia, the social unrest at home and the apparent lack of Washington's success in curbing inflation.

Within the financial community, a variety of possible reasons were widely put forward to explain the surge, which came at a time when investor and broker morale were low. The first reason was hopes had been raised during the day that last night's meeting between the President and business and financial leaders would produce a major announcement on economic controls or foreign policy changes.

Another theory advanced on Wall Street was that traders engaged in extensive covering yesterday of shares sold short recently. As the momentum built up of their stock buying to cover, or buy, the shares they had borrowed from their brokers to sell in hope of paying for them later at a lower price than they had received, other shorts rushed in to purchase, and prices increased rapidly.

Finally another technical factor mentioned by Wall Streeters was the deeply over-sold condition of the market. With the public and certain speculative mutual funds ready to return to buying stocks on

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Almost any excuse, the short covering was sufficient to trigger a still further buying impetus.

Whatever the reason, there is no question that yesterday will go into the record books. A record number of securities on the New York Stock Exchange, 1,315, moved into higher territory, while only 189 lost ground. Volume, which had been unusually heavy in the last two weeks, was even stronger than it had been, with 17.46 million shares changing hands.

Despite all the pluses achieved yesterday, the gain was only a small step forward in the midst of a severe bear market. For the 32.04-point advance just managed to recover the 31.01-point loss registered on the index during the first two days of this week.

In the month of May alone, the Dow Jones index plummeted almost 105 points to 631.16 through Tuesday. On April 30, when the close was recorded at 736.07, President Nixon made his now-famous speech ordering American combat troops into Cambodia.

Stocks, moreover, have been in the midst of a major downturn for the last 18 months. From Dec. 3, 1968, through Tuesday, the key indicator of market activity sank more than 354 points from its near-record level of 985.21 (The peak of 995.15 was reached on Feb. 6, 1966).

## 'Long Way to Go'

Thus yesterday's activity, as welcome as it was by most Americans involved in the stock market, still represents only a partial return to the level around the time of the President's inauguration. As Newton D. Zinder, market analyst for E. F. Hutton & Co., Inc., noted, "We're out of the woods for a few weeks at least, but this still is a rally within a bear market and we've got a long way to go."

Many experienced observers have compared the recent slump to the one in 1929, but there are some sharp differences.

of opinion as to which was worse. Using the Dow-Jones industrial average as a guide, the 1929 Depression resulted in a 48 per cent decline, while the 1969-70 recession caused a 35 per cent drop through Tuesday.

However, measured in terms of dollars, the paper losses now are substantially greater than they were then. According to one estimate, the 1929 crash pared \$15.5-billion in security values, with \$85-billion lost on paper during the entire 1929-32 period.

#### **\$250-Billion Is Lost**

However, since the beginning of 1969, paper losses on common stocks are said to have exceeded \$250-billion. And if, as has been asserted, the total market value of stocks at the end of 1968 was about eight times higher than the 1929 peak, it would take a reduction of \$680-billion in paper values to equal the \$85-billion lost in 1929.

Yesterday's upward movement was broad-based, with both investment-grade issues and glamour stocks involved. All of the issues on the Dow-Jones industrial index advanced, with 25 of the 30 rising more than a point.

Among the gains, duPont was up  $4\frac{1}{2}$ , Eastman Kodak rose  $3\frac{5}{8}$ , Procter & Gamble was up 4 and Westinghouse climbed  $4\frac{1}{8}$ . Memorex, one of the most active stocks, tacked on 7 points, while Telex added  $2\frac{1}{8}$ .

— Lowell Renorts