STOCKS DECLINE ON NIXON SPEECH

Commodity Markets Slip—Gold Hits Record High

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The nation's securities and commodities markets weakened yesterday in response to President Nixon's announcement of new military initiatives in North Vietnam.

The stock market sold off sharply in heavy trading in the morning, tried to rally, then plunged again in the afternoon. The Dow-Jones industrial average closed at 925.12, down 12.72 points in its biggest one-day slide in more than six months.

Commodities prices generally slipped lower, although the price of gold in London shot up to a postwar high of $54 an ounce at one point. Gold is the traditional haven for frightened investors in times of crisis.

The selling in the stock market appeared to be largely emotional. Volume on the New York Stock Exchange totaled a

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massive 7.14 million shares in the first hour of trading, representing orders that had accumulated overnight following the President's televised speech at 9 o'clock Monday night.

Early in the selloff the Big Board's ticker tape was unable to keep pace with actual transactions and ran as much as three minutes late. At about this point, the Dow-Jones industrials were down close to 20 points.

Bargain hunters, realizing that much of the selling was emotional, moved in with buying and reversed the decline. But then, at aboute 1 P.M., newswires carried a report of accusations by the Chinese Foreign Ministry that United States aircraft had attacked two Chinese merchant ships in Noth Vietnamese waters. The attacks were said to have occurred on May 6 and May 8.

This news set off a further wave of selling by jittery investors and by the close of trading the market had lost most of the ground gained during its midday recovery attempt. A total of 1,380 stocks closed with losses and only 180 rose. Among those advancing were gold issues.

Several new stock offerings were postponed because of the uncertain condition of the market. One bond offering also was put off and the bond market in general was weak as investors demanded higher interest rates.

Caution Expressed

Wall Street leaders, interviewed by telephone after the close of trading, cautioned against panicky overreaction by the investing public. All those who could be reached noted that the national economy's recovery had not been affected by the President's decision to mine North Vietnamese ports and cut off supply lines.

"I've already passed along my comments to the White House," said Ralph D. DeNunzio, chairman of the governing board of the New York Stock Exchange. "My reaction is that I think the President is doing everything he can to win this war."

He continued: "I personally think he feels this is the route to meaningful negotiations either in Paris or in secret. As for the market, I think the selling here was a bit overdone and I think it's significant we didn't have big volume in the afternoon. Maybe we're going to have a wait-and-see period here for a while."

Donald T. Regan, chairman of Merrill Lynch, Pierce, Fenner & Smith, Inc., said: "I think it's important not to second-guess the President. It's unfortunate he had to take this stand, but I'm sure he has more information at his disposal than I do."

Mr. Regan said the stock market's behavior was similar to past periods, when war threatened. "You find a similar pattern of emotional selling and for a few days afterward it's very sensitive to the headlines," he said. "Then time takes over and people begin to recognize the fundamentals again. Remember, according to the economists, the fundamentals are still good."

Bernard J. Lasker, senior partner of Lasker, Stone & Stern and immediate past chairman of the Big Board, said: "I think the President's speech was courageous and correct and that it deserves the support of all of us."

'Hopeful View'

John E. Leslie, chairman of Bache & Co., Inc., said: "This situation should be calmly appraised on the basis that the big powers apparently do not want to start a general conflagration. That is very important in my opinion.

"Remember, the market always reacts on spot news. Obviously, the war is on the minds ofeveryone and the uncertainties and the concern at the moment are increased, but this is for today, the 9th of May, and who knows about tomorrow."

Howard Stein, chairman of the Dreyfus Corporation mutual-fund complex, said: "I kind of take a more hopeful view of the statements made. Two weeks ago, his [President Nixon's] position was for a withdrawal by the North Vietnamese. Now he is for a truce in place. He also set a date, which is 120 days. He's never done this before."

Mr. Stein said he felt the stock market might have overreacted. "It could always get even more oversold, of course," he said, "but if there's an end to the war, it could have a dramatic recovery."

Robrt H. Parks, vice president and chief economist of Eastman Dillon, Union Securities & Co., Inc., said: "I am taking the position that the U. S. is getting out o fVitenam. I believe there are strong political and economic forces leading to this."

He added: "I don't think the United States and Russia are entering into some new phase of militaryconfrontation. A decline in the market should open up very attractive opportunities for investment."