

COMMERCE AND FINANCE

New York, Jan. 19.—Last week saw a considerable increase of activity in the market for securities, but the general movement of prices was a reflection of the conflicting influences at work. The most effective of these had to do with the technical position of the market itself. There grew up mixed views as well regarding the general outlook for activity in business and the restoration of normal banking conditions on the one hand and on the other the accumulation of evidence of the extent of the reaction in industry and business and the results of it to be expected in the coming power of property holders to the legal requirements of exchange. The disclosure of the re-established part of a comfortable surplus of reserves above the legal requirements in the bank statement of the previous week served to quite effectively allay apprehension over the market situation. The release of funds which had been held back from banking reserves to meet this showing proceeded in a strong flow and interest rates on loans of all kinds declined in a pronounced manner in all markets both here and abroad. This development had been accurately forecast by the speculative element in the securities market and previous purchases had been made in late realization of the new outside demand, which would be stimulated by the increase of money volume for investment in the purchase of securities. There was in fact a considerable accession of outside demand for stocks through the realization of the fact that the speculative party which had been pursuing organized operations in the previous market served as a material effect to this demand.

ANXIETY PASSING.

The first and most important relief afforded by the pronounced relaxation of the money market has been in the facilities afforded for a slightly mercantile recovery. Anxiety on this point naturally passed away, and a quick response of stocks of railroad equipment companies to the news of the sale of \$200,000,000 New York Government trust notes, the proceeds of which are to be for payment of equipment already deposited, was significant of the relief and the extent of this anxiety. The sales of these notes was made much as a proof of the restored confidence in the government's willingness to seek renewed investment in corporate expenditures. This confidence was evidenced by the terms of the sale, which were on an investment return of 3 1/2 to 4 per cent, with a maximum preference of 5 per cent for notes with the longest term to run. The reported terms of sales of \$150,000,000 of consolidated Gas one year 6 per cent notes on a first trust basis was additional evidence of the continued high attraction still considered necessary to secure new capital.

MONETARY SITUATION.

In the more immediate money situation contribution is given to the imminent recovery by the ready availability of draw from the deposits with the national banks to replenish its working balance, which is depleted by the growing deficit in the current revenues. A movement by the national banks toward payment of note issues is gaining force with the heavy release of national currency into the country's circulation. The movement to establish 2 1/2 per cent reserves with the admission of New York and other companies to the clearing house, if pursued, will call for an accumulation of cash estimates at \$200,000,000. It is pointed out, also, that while the easing of the money market has resulted in a rapid retirement of perhaps half of the loan certificates issued by the New York clearing house, there is an important residue of these instruments which were held for the relief of trust companies which retirement may be delayed by the character of the collateral securing them, which is slow to be liquidated.

RAILROAD EARNINGS DECREASE.

Much of the most important contending influence against the growing ease of the money market is the evidence of trade contraction and diminished profits. Railroad traffic has fallen to a low ebb and the American Railway Association estimates show a 20 per cent decrease in the industry. Heavy decreases in railroad earnings make up the burden of reports and are accompanied by widespread plans for curtailment of service, suspension of improvements, cutting down of working force and reduction in the number of those retained in service. Some sign of improvement was reported from the iron and steel trade over the low level of activity at which the year opened. It is here manifested that improvement is in hand, but the fact that present conditions are to be made up makes special apprehension of the effect of these reports as they shall come to hand.

CLEWS MARKET LETTER.

Securities Enjoy a Recovery as a Natural Sequence of Monetary Improvement—General Business Not Seriously Impaired by the Panic—Improvement in Foreign Monetary Outlook the Most Satisfactory Feature.

Correspondence of The Observer.

New York, Jan. 18.—The stock market has now enjoyed a recovery of from 10 to 20 points in the active share and a still further advance in some of the specialties. As explained in our previous advice, this was the natural sequence of improvement in the monetary situation and the uncovering of a large short interest. All panics have been followed by an advance of considerable duration, setting in usually as soon as the disturbance to monetary conditions subsides. The period of recovery generally varies, extending over several months and accompanied by more or less irregularity and occasional recessions. The present recovery has been exceedingly rapid and somewhat anomalous to the suddenness and severity of the panic itself. The fact that recuperation had been so prompt and energetic demonstrates that the crisis revealed in general conditions of the panic was chiefly financial, and mainly due to the gross abuse of credit and a too rapid transformation of capital from liquid into fixed forms. The action which began in October has, however, immediately clarified the financial situation. Confidence in securities is a rapid rate; money is coming out of hoarding; currency is returning in large volume from the interior; loans are being raised with unexpected facility and the tendency of existing forces is toward recuperation. The patient is still somewhat feeble, but his constitution has not been impaired; strength is returning and the disease is gradually conquered. The most encouraging feature is the promptness in money and the very pronounced improvement in the credit situation; the latter was vital matter in commercial affairs. In view of the fact that the country's supply and the nation's stock of gold, we might be in danger of a rather serious depression, but the recovery is rapid, especially in the price of securities and commodities. The available supply of funds is abundant, therefore, that confidence, such as the withdrawal of mobile deposits, decision for trust companies to resume payment of clearing house certificates, etc., have intervened to prevent an undue curtailment of the money supply. Another feature of the latter is the liberalization of the demand for credit by railroads and other corporations which were obliged to defer their payments. The latter are more convenient and all anxieties disappear during the next few months. A very significant feature of the market is the fact that the New York Central notes, which were sold with which there were taken demonstrated there is a good demand from investors for high-grade securities. To date the demand for such bonds of all description has been one of the most encouraging features for several weeks past. This demand is now extending to securities of the same grade.

It is to be noted that several business concerns have not been able to pay their bills. Some indications of the abnormal activity of the past two weeks is apparent, which is desirable and likely to continue for a number of days. The movement is almost inevitable, if not necessary, in the recuperation from a panic to the normal condition. There are those who are inclined to think that the market will improve than in past days. Some financial and stock markets. Yet there is no reason to anticipate any serious depression in business. Trade and industry are in generally sound condition. The winding up of work in the manufacturing industry and the establishment of a lower and firmer basis on

which to prepare for renewed activity. Although the days of abnormal profits are over and it is not to be expected that there is the best of reason for being hopeful regarding the future; the expectation being that within a few months as the most general trade should recover its accustomed volume. When prices have come down to a more substantial level and costs of production have been reduced, we may confidently anticipate a revival of new enterprises and fresh employment for the unemployed now out of work. Under no circumstances ought the present depression to last more than 2 years; and it would not be surprising if it were to disappear altogether in the presidential election can be reasonably foreseen. After such a rise as has been experienced, and it seems reasonable to expect that the market has been skillfully handled during the past few weeks, though trained observers have no difficulty in detecting the taking of profits by prominent investors who of course are not likely to re-enter the market except at a lower level. The actions of Judge Hough that Mr. Harrison may be fairly questioned propounded by the Interstate Commerce rate the market a temporary recovery for it is unnecessary to say that Wall Street does not reflect the official investigations and the disclosures which they sometimes produce. Any other unexpected results may have been equally liable to be on the market at this juncture. From now on reactions are likely to be more frequent and more severe, however, it does not yet appear that the market has yet attained the degree of recovery to which it is fairly entitled under existing conditions. The market is under control of skillful cliques who will now find little difficulty in financing a moderate bull campaign. Apart from this, the tension of a panic is always conceivable and lasts for a period more than three or four weeks.

The dice are loaded. "Gentlemen, retire to your room. Mr. Sheriff, adjourn court until 9 o'clock Monday morning. I shall expect a verdict by that time."

THE DEATH RECORD.

Michael Powers, of Fayetteville. Correspondence of The Observer. Fayetteville, Jan. 18.—Mr. Michael Powers died at his home in east Fayetteville yesterday, aged 73 years, leaving a widow. He was a man of high character, greatly esteemed in the community, and was formerly a large property owner in that part of town known as Campbellton.

Mr. Washington Mangum, of Durham County.

Special to The Observer. Durham, Jan. 19.—Washington Mangum, brother of the late William Mangum, of this city, who died leaving a very valuable estate, probably \$150,000, died at his home north of the city and his remains were interred in the Eno burying ground not far from his home. He was 71 years of age and heart dropsy caused his death. He was the last of his immediate family, leaving however, several daughters and a number of other relatives throughout this section. He spent most of his life near the place where he died.

Mr. S. M. Gilbert, of Elkin.

Elkin, Jan. 18.—Mr. S. M. Gilbert died at his home in west Elkin Thursday morning at 5:30 o'clock, aged 63 years. He had been in poor health for the past two years and for the last three months of his life had not left his home. Following a long spell of typhoid fever three years ago, consumption fastened its fangs upon his system and finally claimed him as a victim. The funeral services were held yesterday in the Presbyterian church, being conducted by his pastor, Rev. C. W. Robinson, of Wilkesboro, after which his remains were interred in Hollywood Cemetery. A wife, two daughters and one son survive him. He was a good citizen and a useful man and will be greatly missed in the community.

Prominent Virginian Dead.

Lynchburg, Va., Jan. 19.—Richard Ballard, aged 78, a prominent business man, died today after a week's illness of pneumonia. His wife is also ill of the same malady, and the doctors say she can hardly survive the night.

Mr. Washington Thomas, of Mount Tabor.

Correspondence of The Observer. Durham, Jan. 18.—The remains of the late Washington Thomas, who

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FOR SALE. Chair Manufacturing Plant and Other Property. By virtue of an order of the Superior Court of Alamance County, North Carolina, made in a cause now pending in said Superior Court, entitled L. Puryear and others on behalf of themselves and all other creditors and shareholders of the Continental Chair Company vs. the Continental Chair Company, I will on Monday, February 10th, 1933, sell at public auction to the best bidder for cash, the following described property, to-wit:

1—The plant of said Continental Chair Company, for the manufacture of chairs, situate in the Town of Mebane, Alamance County, North Carolina. This plant is very complete. There are buildings, dry kiln, machinery, some manufactured goods on hand and in process and quite a large lot of supplies. This entire property will be sold as one property, going to make up a plant for the manufacture of chairs. The same is in condition to at once be put in operation. This plant has a capacity of about six hundred chairs per day.

2—A tract containing about sixty acres of land, situate in Melville township, near the Town of Mebane.

3—One twenty-five horse-power upright boiler.

4—One pair of very fine young gray mules.

5—One lot of harness and wagens. The sale will be conducted on the premises of the Continental Chair Company, in the Town of Mebane, Alamance County, North Carolina, and will start at 12 o'clock m. Bidders on all property will be required to satisfy me of their ability to comply with their bid, and the sale will be reported to the Superior Court for confirmation, and possession and title of all property sold will be retained until confirmation of sale is made by said Superior Court. I will be glad to hear from and give further details and particulars to interested parties. J. W. CATES, Receiver Continental Chair Co., Graham, N. C., Jan. 1st, 1933.

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