

# HALF-YEAR REVIEW AND FORECAST

## Babson Says War Boom Is Over

By Roger W. Babson  
Babson Park, Mass., July 14, 1944.—Business volume has been maintained at such a high level since Pearl Harbor that it is hard for some to realize that there can be any slowing up. However the past six months witnessed the beginning of the end of our current war boom. As we enter the third quarter the trend will continue downward. From this point on business will have to adjust itself to quite different conditions;—with a gradual resumption of more normal activities.



BABSON

**THE STOCK MARKET**  
During the past six months stock market averages of 30 industrials and 20 rails have risen from 86.04 in January to 92.69 in June. This is a rise of 7.7%. All things considered, the market has acted well during the first half of the year. Our taxes on capital gains and the double taxation on corporate dividends continue to be distinct drawbacks. London investors have no capital gains tax to contend with. Hence, the prices of English stocks are outpacing U. S. securities.

I have been bullish on stocks during the past six months and I now continue so. The coming third quarter is especially apt to show a rise in view of the Presidential Campaign. It may seem odd for me to forecast a decline in the volume of business and at the same time to expect a rise in security prices; but the relief which investors are experiencing over the War's progress together with the constructive oratory of Dewey, Bricker and other Republicans is being reflected in the stock market.

**WAGES**  
In spite of controls, wages have risen a little more during the past six months. Union leaders have worked hard for pay increases and will continue to do so in order to hold their own jobs. However, the heyday of the industrial worker is rapidly passing. Production cut-backs are resulting in the laying off of thousands of workers. This has gone relatively unnoticed as such layoffs have occurred in widely separated geographical areas.

Too many wage workers have not saved a fair proportion of their wartime earnings. They are bound later to feel the economic effects thereof. Many of the latter will lose their jobs between now and the end of the War. They will find it hard to get new ones. I anticipate that the average demobilized service man will not only find his old job waiting but if he wishes he will be financially able to enter business on his own account. When demobilization comes, soldiers and sailors may be in better financial shape than are the wage workers who remained home.

**RETAIL TRADE**  
Retail trade has steadily gone

ahead during the first six months of the year. Wartime wages have been the deciding factor in spite of the scarcity of goods, price controls and luxury taxes. Merchants have done a wonderful job in keeping their shelves stocked to the extent that they have. More goods will become available as we enter the third quarter, but both the volume of retail business and the value of goods sold may decline to somewhat lower levels. I am not sure about this.

With retail trade at an all-time peak, but with a general drop expected in employment; with higher costs and lower profit margins and with a generally more cautious spending tendency, a reaction in the retail field is possible. Despite this, I continue bullish on well-selected merchandizing stocks. I particularly like the chain stores which can easily adapt themselves to almost all changes.

**COMMODITY PRICES**  
During the first six months of the year commodity prices held up. I expect them to hold at around current levels for the time being. Buyers should continue to keep moderately protected. Price controls have helped all. Food requirements will continue heavy, but we shall have the largest crops in our history. Hence, food supplies will remain ample; but will not be excessive.

Both hard and soft goods will continue scarce until we can revert to production for civilian requirements. Retail prices after the War may average 15% or more above prewar prices. Certainly, when new automobiles are available, they will be priced higher than prewar levels. Building costs will also be up sharply.

**CONCLUSION**  
We are now definitely in the transition period from war to peace. Hitler will probably collapse sometime between November 7, 1944 and March 7, 1945. The coming six months will bring more adjustments in business and in living than we have witnessed for sometime. Yet these headaches are the necessary prelude to peacetime activities. Despite them, I am sure we shall all breathe more easily in the near-term future than we have in the recent past.

### SMITH-CHAPPELL

Franklinton. — Miss Louise Chappell, daughter of Mrs. E. B. Chappell and the late Mr. Chappell, became the bride of Forrest Smith, son of Mr. and Mrs. W. N. Smith of Kittrell, on June 18 at the home of the bride. The Rev. S. E. Mercer officiated.

The bride wore a wedding gown of white marquisette over taffeta. The long fitted bodice was fashioned with a sweetheart neckline and short sleeves. Embroidered medallions outlined the neck and waist lines and extended down the front to the skirt. The bride carried a bouquet of white carnations and stephanotis tied with satin ribbon and wore a headdress matching her bouquet. Her only ornament was a necklace, a gift sent by her brother, who is serving with the armed forces in India.

Miss Patty Lou Chappell, cousin of the bride, was matron of honor. She wore a powder blue dress with white accessories and a corsage of tallman roses.

Immediately after the ceremony the couple left for a wedding trip to unannounced points.

For traveling, the bride wore a dress of sky blue chiffon with matching accessories and a corsage taken from her bridal bouquet.

### LOUISBURG HOSTESS HONORS MRS. PERSON

Mrs. James A. Person, of Bunkie, La., was complimented at a bridge party given by Mrs. Arthur W. Person and Mrs. Julian Heron, of Washington, D. C., on Thursday evening of last week at the home of Mrs. Howard Massey. The honoree received a gift from the hostesses. Top scorers were Mrs. Charles Lea, Sr., high, and Mrs. C. A. Ragland, Jr., second high. Miss Mamie Davis Beam won the bingo prize.

Monday afternoon Mrs. Person, Mrs. Heron and Mrs. Randolph

Trowe, of New York City, were co-hostesses in honor of Mrs. James M. Person. Mrs. W. F. Shelton and Mrs. G. W. Cobb made top score honors. The traveling prize was won by Mrs. P. S. Allen. Mrs. Person was recipient of a gift from the hostesses. Mrs. Massey was assisted in serving by Mrs. Trowe, Mrs. Heron, Miss Dorothy Massey, Miss Rose Malone, and Mrs. H. J. Lewis.

### PEARCE-SPRAGUE

Miss Alda H. Sprague, daughter of Mr. and Mrs. Leonard

Sprague, of Machias, Maine, and Alpheus William Pearce, USCG, son of Mr. and Mrs. John O. Pearce, of Louisville, were married on June 7 at the Congregational parsonage in Machias. The Rev. William R. Reddough performed the ceremony.

The bride was graduated from the Machias high school and for two years has been employed in the office of the Eastern Telephone Company in Machias.

The bridegroom is stationed with the U. S. Coast Guard on Cross Island.

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Condensed Financial Statement

# CITIZENS BANK & TRUST CO.

Henderson, North Carolina

JUNE 30, 1944

RESOURCES		LIABILITIES	
Loans and Discounts	\$1,537,618.78	Capital Stock, Preferred	\$ 50,000.00
U. S. Government Bonds	3,057,400.00	Capital Stock, Common	125,000.00
State, County and Municipal Bonds	192,276.29	Surplus	175,000.00
Other Bonds	82,695.33	Undivided Profits	142,134.25
Corporate Stocks	4,505.00	Reserve for Preferred Stock Retirement	50,000.00
Banking Premises Owned	68,000.00	Reserve for Preferred Stock Dividend	750.00
Less Reserve for Depreciation	6,180.00	Reserve for Taxes, Federal Deposit Insurance & Other Expenses	22,601.63
Furniture and Fixtures	13,872.92	Other Liabilities	31,541.53
Less Reserve for Depreciation	5,849.75	DEPOSITS	5,885,165.50
Other Real Estate	2.00		
Cash on Hand and due from Banks	1,487,429.92		
Other Assets	50,422.42		
Total	\$6,482,192.91	Total	\$6,482,192.91

THE ABOVE STATEMENT DOES NOT INCLUDE ASSETS OF OUR TRUST DEPARTMENT.

These Experienced Business Men Direct The Affairs of This Bank

OFFICERS	DIRECTORS
W. A. Hunt, Chairman of the Board	W. A. Hunt, Chairman of the Board
J. B. Owen, President	L. H. Harvin, Jr.
K. L. Burton, Vice-President and Trust Officer	M. Y. Cooper
J. C. GARDNER, Vice-President and Cashier	J. C. Cooper
Jno. L. Wester, Asst. Cashier & Asst. Secretary	J. W. Cooper
Perry and Kittrell, General Counsel	D. T. Dickie
B. C. WELLS, Mgr. Insurance Dept.	E. F. Farham
	E. H. Perry

Before buying a farm, it will be good to remember what happened to many growers when their mortgages were foreclosed after the last war, say the farm economists.

We'd rather take our chance as a Middle-Western business man than spend our summers in Washington, D. C.

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