

MARKET NEWS

OUTLOOK FOR THE YEAR ON THE STOCK EXCHANGE

Financial Interests View the New Year With Equanimity.

NEW YORK, Jan. 4.—Taking surface conditions as a criterion, last week in the stock market suggested that the financial community views the outlook for the New Year with equanimity, tinged with encouragement.

In no conservative quarters, however, was there any disposition to regard the manifold uncertainties which still attach to domestic industrial and economic conditions and the unsettled foreign exchange market.

The high prices prevailing for commodities, attributed mainly to under production and the many cross currents of international trade are repeatedly emphasized as the chief obstacles to even a partial resumption of pre-war conditions.

The local money market is in process of readjustment from its recent severe tension, but time loans are likely to be negotiated until most of the January interest and dividend disbursements, approximating \$400,000,000 find their customary investment channels.

Of the more important domestic problems the prospect for the railways seems to sound the only note of discouragement. Aside from the further heavy deficits reported by the roads, the various plans now under consideration for their return to private operations are held to offer little hope of early solution.

Influences which are expected to shape the course of the country's principal industries during the year are already clearly defined. Advice is given that, barring unforeseen labor difficulties, production of steel and iron will run far beyond previous records.

These conditions apply almost with equal force to copper and other basic metals, as well as to oil, tobacco, leather and textile products, in which maximum prices are expected to be firmly sustained for months to come.

BUSINESS REPORT GIVES MARKET UPWARD TREND

Highest Levels Reached in Closing Session of Cotton Market.

NEW ORLEANS, Jan. 4.—Something of a revival in the spot demand and reports of the largest business ever known among the mills gave the cotton market an upward trend last week. Highest levels were reached on the closing session when the active months were 35 to 217 points over the close of the preceding week. The net results were gains of 81 to 219 points. January closed at 39.50, which compared with 40.25 at the closing price for middling spots. One of the features of the week was the narrowing of the discount on the near months.

Further breaks in foreign exchange rates, continued high call money rates and a disposition on the part of the banking authorities to curb speculation were, in some measures, a restraining influence on the market but, in the end, the evidence of a somewhat improved spot demand at somewhat higher prices proved stronger than the features against the market. This week the spot situation will be watched more closely than ever. Most week-end market circulars agreed that spot news would govern the course of prices in the contract department and that a bull market could hardly be avoided should an actual revival in the spot demand occur. On the other hand, should the spot inquiry not remain active the market would, in all probability, feel liquidations of much of the cotton recently taken on for speculative account.

Continued favorable reports from mill centers would tend to enable the market to return to a steady tone. Many traders and brokers watch with the greatest interest the various moves the situation in the senate regarding the ratification of the peace treaty and any signs of definite progress toward the event would undoubtedly cause an active market and stimulate much new buying.

scarcely reach the statute books in much less than four to six weeks but from now onward progress of the debate will be full of significant bearing upon the speculative and investment outlook. On the other hand, the announcement of definite action under the term of the Edge act will have some influence in clearing up the foreign situation and making certain the extent to which it may be possible to expect the financing of international trade upon a sound basis. In this respect some encouragement is already found in the better demand for copper metal, large sales having recently been reported at 19 1-4 c. for delivery during the next three months, with 20c being asked for the second quarter.

FIRMNESS ON THE DRY GOODS MARKET

NEW YORK, Jan. 4.—With a very moderate demand being pressed, the cotton goods and yarn markets have remained firm over the end of the year, closing with the average of prices far above any hitherto reached since Civil War days.

Print cloths have been especially strong, but other goods have also shown a tendency to move higher. Staple ginghams were advanced to 23 1-2 a yard by one house and "at value" orders in hand were confirmed at that figure, leaving very few goods available at the new prices for some time to come. It is expected that branded bleached cottons will again be advanced. Some of the staple brown cottons are selling at 30c a pound, above the level of price fixed by the government during the war.

The manufacturing trades continue to manifest a large degree of confidence in the business future, as they are ordering goods ahead for deliveries carrying through June, and supplementing moderate contract orders placed some time ago. Finishers, printers and bleachers are being pressed to hurry deliveries.

WEEKLY REVIEW OF THE COTTON MARKET

NEW YORK, Jan. 4.—While somewhat unsettled by advancing money rates, the cotton market made a generally firm showing during the holiday week. Business as usual at this season of the year was in no great volume, but a feeling of optimism appeared to prevail as to the early New Year prospects and contracts for January delivery made a new high record for the season during today's trading. Washington advices received during the past few days evidently created an impression that ratification of the peace treaty was likely in the near future. The trade appears to expect that this will be followed by an improvement in international business conditions, and there was also a feeling that experts would be facilitated by financing under the provisions of the Edge law. Such opinions as these served to strengthen the influence of bullish reports from the goods trade abroad, particularly from Manchester. There was some comment early in the week on the increasing importations of textiles as likely to unsettle domestic markets. Liverpool advices, however, stated that Manchester manufacturers have booked all the orders they could handle from the far east at most profitable prices than they could secure in this country, and it is reported that Manchester has been calling cotton freely in the English market. One of the most sensational features of the week, in fact, was Wednesday's advance of 158 English points in the Liverpool spot market which was attributed to a squeeze of spot shorts for December shipments to Manchester, and yesterday's cables showed sharp advances on near months. Other foreign interests have also been buyers in the local market, particularly of summer or early new crop months, supposedly as a hedge against forward business in goods and reports have been circulating of a demand for spots from Germany in the south. Only a holiday volume of business has been reported in the domestic goods markets but prices have shown continued firmness and the advance indications of an increased demand from futures has been accompanied by pre-dominant domestic spinners this month.

GLEW'S WEEKLY REVIEW OF MARKET

NEW YORK, Jan. 4.—So far as the holiday season has been productive of definite news developments, they have been of an optimistic nature. The fact that there is a closer approach to agreement among the different factions that are at work on the peace treaty gives promise of some accommodation before the new year is far advanced, and the resumption of discussion among representatives of the Allied Powers in Paris regarding the adjustment of terms of peace means the development of important arrangements at an early date. Congressional attitudes on the railroad question are on the whole promising. The industrial conference named by the President appears to be approaching an understanding with reference to a program that may appeal to the best sense of the country and may thus become the foundation of legislation designed for the promotion of industrial quiet. Abroad, encouraging symptoms of recovery from war conditions are visible in Great Britain, and there is promise of a better situation in France and elsewhere.

The Money Situation
Of such problems possibly the most serious and pressing is afforded by the money situation. The Federal Reserve system has raised its discount rates in such a way as to wipe out entirely the so-called "differential" which has existed between rates charged for the rediscounting of paper collateralized by government bonds and certificates and the rates charged for commercial rediscounts. At the same time the treasury has announced that its next certificates of indebtedness will be issued at a rate of 4 3/4 per cent. This quite plainly recognizes a higher rate for money, as having been established in the commercial loan field. At the same time the rates for call funds have gone as high as 25 per cent during the past week, with daily renewal rates on standing loans of 15 per cent. The fact that the Reserve bank percentage has fallen to the lowest point in its history, and that still lower ranges may be expected in the near future indicates that there is little or no prospect of a reduction of interest rates for any considerable period in the future.

Price and Business
The price situation throughout the country is evidently in a state of unstable equilibrium. Shrinkages have occurred in basic farm commodities such as meats and meat products,

while farmers who have bought land at the speculative prices lately prevalent still have upon their shoulders the necessity of carrying their obligations which are maturing, them as they fall due. Business men and individuals who have financed themselves upon a paper basis, in the belief that prices and profits would continue as at present, can make good their commitments only in the event that they are able to go on with much the same volume of business and the same rate of profits as in the past. There has been a tremendous inflation of credit all over the country; and to keep things up to their present level of values it would be essential to have this outpouring of credit and currency continue. As just noted, however, such a continuous supply of resources can hardly be looked for; but on the contrary there must almost inevitably be a period of reduction and contraction which will tend to carry operations to much lower levels. This is a situation which points strongly to the need for business caution and for the establishment of all possible protective and safety devices in the financing of industries.

Financial Outlook
The shrinkage of prices in the market which occurred during the early part of the present week and was followed by a partial recovery is likely to be only one of a series of such occurrences, should like conditions recur from time to time. While conditions just at the year end are probably characterized by greater strain than at other dates, it remains true that the immediate cause of difficulty such as the reduction of reserve percentages, followed by rising rates for call money, and the advance in Reserve bank rediscount rates, are likely to recur at almost any moment and must be reckoned with as elements in the future situation. The conditions thus developing, however, present unusual market opportunities for investment and for the use of idle funds.

Important Events in Prospect
It will be some time before the political and general economic situation will greatly alter, but some important events that may be looked for as probable features of the early weeks of 1920 should be looked to as affording landmarks. Foremost of these is the action to be taken on the peace treaty. Perhaps second in importance is the adoption of railroad legislation. Such legislation can

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MUTT AND JEFF—Mutt, Old Thing, Makes One of Those Foolish Bets BY BUD FISHER

I JUST HEARD AT THE CLUB THAT MUTT AND SIR SIDNEY SWORE OFF SMOKING ON NEW YEAR'S DAY. THE ONE WHO SMOKES FIRST HAS TO PAY THE OTHER GUY TEN DOLLARS.

WHAT A FOOL I WAS TO MAKE THAT BET WITH SIR SIDNEY. I'M SIMPLY DYING FOR A SMOKE. I DON'T DARE GO WHERE MEN ARE SMOKING — THE AROMA OF TOBACCO DRIVES ME FRANTIC.

MUTT, I GOTTA HAND IT TO YOU. YOU'VE GOT SOME WILL POWER, BELIEVE ME. YOU'LL WIN THE TEN FROM SIR SIDNEY EASY AS PIE.

I HOPE SO! (SNIFFS, SNIFFS, MUMS)

I KNOW THAT WHEN YOU SAID YOU WOULDN'T SMOKE, THAT SETTLED IT. YOUR WILL POWER CONQUERED YOUR TOBACCO APPETITE INSTANTLY.

BUT AFTER ALL, A GOOD CLEAR HAVANA CIGAR DOES TASTE NIFTY, MUTT.

TEE HEE!

GET AWAY FROM ME, YOU INSECT.