

Today's Investor

By THOMAS E. O'HARA
Chairman, Board of Trustees
National Association of Investment Clubs

Q. Why would one stock sell for more than another, although the latter's earnings per share is higher? I cite Control Data and Sperry Rand. Control Data costs more, but Sperry Rand earns more.

A. Your question is a very good one and illustrates a very fundamental fact of life in the stock market. In the long run, the single most important factor determining the price of a stock is its earning power—the earnings per share generated by the corporation.

Quite commonly, the stock of an industrial company will sell at 10 to 15 times earnings. That is, a stock earning \$5 per share per year will sell at \$50 to \$75 a share.

Shares of a company with a record of growing faster than others, or seeming to have prospects of doing so, may sell at an even higher price earnings ratio. When enthusiasm for the stock subsides, the number of people willing to pay high price/earnings ratios shrinks and the price of such a stock falls rapidly.

Right now Control Data is selling at around \$100 a share while its earnings are only about \$1 per share. On the other hand, Sperry Rand is selling at around \$36 and has earnings of \$1.75 per share. Thus it seems that Sperry Rand is the better buy. Both companies have had prob-

lems in the recent past, but both seem to have overcome these and appear headed for better days.

It would appear that the people who are buying Control Data are basing their decisions more on what they hope the future will produce, while Sperry Rand buyers are basing their price more on present earnings. A number of security analysts, however, expect both companies to improve earnings by about the same amount in the coming year.

Q. In a recent column you recommended buying shares in growing companies that are putting back into new plant equipment and inventory. How can one tell which companies these are?

A. First, to find a rapidly growing company, you can check the Standard & Poor's investment listings at a broker's office or your library. By skimming through these you can find firms whose sales have increased 75 per cent or more in the last five years. These will definitely be rapidly growing companies.

Once you have found them, check their earnings per share for the same years. If earnings have increased at about the same percentage as sales, you have found a company with a good earnings record. It is an easy step to next determine what percentage of earnings is being paid out in dividends.

Also, the Standard & Poor's

Rainbow Girls Hold Meeting

The Kings Mountain Assembly No. 50 Order of Rainbow for Girls held a meeting Tuesday, July 18 with a program honoring Past Worthy Advisors of the assembly. Those advisors attending were Mrs. Diana Allen, Miss Libby Alexander, Miss Joyce Dixon, and Miss Ann Sanders.

The assembly's Mother Advisor, Miss Helen Logan, presented the grand cross of color for service rendered to the assembly, to Camille Leonard and Ann Sanders.

After the meeting, refreshments were served in the dining room of the Masonic Hall.

sheet, or other reporting service, will give information about the new capital investments made by the corporation each year, so you can tell if the firm is building new plants and adding to its equipment, or just piling up money.

A convenient way of studying an individual company is outlined in NAIC's Investment Club Manual, available by mail for \$3.00.

Have you a question about investing? Mr. O'Hara, editor of the monthly magazine, "Better Investing", and one of the nation's recognized authorities, will answer as many as possible in his column or by personal mail, but must limit questions to those of more general interest. Correspondents will receive a free copy of "Better Investing". Write to T. E. O'Hara, National Association of Investment Clubs, Dept. S, Box 1056, Detroit, Mich. 48231.

There Is No Short Cut



Gov. Moore Wants Emphasis On Safety

North Carolina is joining the nation in observance of National Farm Safety Week, July 23-29.

Gov. Dan Moore has called on Tar Heels to place increased emphasis on safety. "I am pleased to call attention of the citizens of North Carolina to the vital importance of agriculture to the economy of North Carolina, the nation and, indeed, the world," Gov. Moore said.

He added, "Whatever diminishes or impedes the efficiency and productivity of our farms is, therefore, detrimental to men

and women everywhere, as has been pointed out in an official proclamation by the President of the United States.

"Since accidents each year kill and disable many of our farm people, it pays us to give full attention to safety on the farm."

National Farm Safety Week is one of the programs and observances promoted by the North Carolina Rural Safety Council.

Boy Scout News

Troop 92 Boy Scouts met at 7 p.m. Monday night with good attendance.

Adrian Beam drew a picture of the Scout Badge and what it means for the pre-opening. Billy Talbert had the opening with a flag ceremony. Steve Cook led the troop in a compass game. When the Scouts reassembled, patrol corners were held. The main topic was discussion of the camp-out set for Friday.

Monday was Board of Review night. Billy Talbert earned First Class. Frank Humphries earned the Aviation and the Cooking merit badges. Jimmy Amos earned a rowing merit badge. Swimming merit badges were earned by Buddy Oliver, Mike Freeman and Jerry Valentine. Eddie Bridges earned a merit badge in corn growing.

Ken Culbertson
Scribe

WONDER-DRUGS?
Protecting Your Liver
There is much talk about "wonder-drugs" these days. While it is true that the drug industry and medicine have made tremendous strides in combatting disease, nobody should use this fact as an excuse to put off a visit to the doctor and a physical check-up. See your doctor regularly. If he prescribes medication for you, you can be sure our Pharmacist will give you his best professional service.

Your (Rexall) Pharmacy
Kings Mountain Drug Company
Phone 739-2571

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LONG AND OVAL SHAPED
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MEN'S PERMANENT PRESS PANTS
80% FORTRELL-50% COTTON
NEVER NEED IRONING
Olive - Blue - Chill - Brown
REGULAR 6.00 VALUE
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SIZES 28 TO 38

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Whites and Colors
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PERMANENT PRESS SPECIAL
1.39 or 3 For 4.00

NO. 1 SECONDS LUXURY PERCALE PILLOW CASES
WHITES & COLORS
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SIZE 24x60
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125 PAIRS MEN'S DRESS OXFORDS AND LOAFERS
Most All Sizes But Not In Every Style
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5.88 Pair

FULL AND TWIN SIZE TUFTED, PRE-SHRUNK BEDSPREADS
That Never Need Ironing. SLIGHT IRREGULARS OF VALUES TO 9.00
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SIZES UP TO 3
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Little Boys' 3 to 7 — Were 2.50
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ALL MEN'S & BOYS' ..
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Moc Turtle Neck Knit Shirts 1.44
Men's 4.25
Manhattan Shortie Pajamas .. 2.49
2.00 Values
Little Boys' 3 to 7 Shirts 3 For 4.00