

Trends

Lack of Wheat in Germany May Aid Peace.

By John T. Flynn

NEW YORK, Jan. 1.—Nature works in a mysterious way her wonders to perform. Germany suffers a wheat shortage. That would seem to have little bearing on the Spanish war. But the wheat shortage has done something to Germany which may well aid the peace of the world.

Because of the shortage, Germany will have to buy wheat abroad. And to buy wheat abroad Germany will have to have purchasing power abroad. And Germany's purchasing power is limited abroad of course.

It is only a short time ago that Hitler announced that certain foreign securities held in Germany would be taken into possession by the government. The securities were not merely impounded. If you owned a bond—a U. S. Steel bond—Berlin, you had to register it in the finance ministry.

THE object, of course, is obvious. The government may need funds to buy goods in America or England or South America. If it holds the foreign securities of its citizens, the government can take the interest and dividend payments, keep them and pay its own citizens in German marks, no matter what marks are worth.

Germany may even sell the securities. As Mr. Muhlmann did, and convert them into credits in various countries to enable her to buy war materials when needed. But now, standing on the very brink of war, Germany finds herself short of wheat. This is something she and every European country has been trying to avoid since the last war. Every device known to the subsidist and regimenter has been employed to force the production in every European country of the necessary supplies of food.

AND here, efficient Germany, on the very eve of her direct need, finds herself short of wheat. This means she must buy wheat in the United States. It is suggested she may have to buy \$100,000,000 of wheat. If she does she will have to use up her valuable and very limited foreign credits on wheat, when the fatherland needs so seriously the raw materials of war. She must buy wheat, as Mr. Bruckner suggests, when German children are crying for cannon.

This unfortunate misadventure of shipload nature may have a pacifying effect for the moment at least upon the Reichführer. The nation can not spend her reserves upon food and munitions too. And so, for the moment, she may be disposed to postpone her use of the latter.

It is an illustration of the unforeseen circumstances which may make or unmake those mad policies which are driving Europe toward war.

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TRADING ON CURB UP ABOUT 75 PER CENT

Special Industrial Shares Feature N. Y. Sales.

NEW YORK, Jan. 1.—Wide gains in special industrial shares plus an increase of about 75 per cent in trading volume featured dealings on the New York Curb Exchange this year.

Sales volume for the year totaled around 133,000,000 shares compared with approximately 75,750,919 shares last year. Heaviest volume centered in utility shares.

The utility division, however, suffered from the legislative difficulties which confront the industry and its gains for the year were only moderate. Electric Bond & Share, Cities Service, and United Gas were the trading favorites.

Wide gains in the industrial division were made by Singer Manufacturing, Reppell Manufacturing, Royal Typewriter, and Jones & Laughlin Steel Corporation issues.

The oil division—another popular trading group on the curb—strengthened with the remainder of the market, although the year found nervous trading among leaders. Gulf Oil was the leader with a year's gain of more than 30 points, but Pantepee and some of the lower priced issues were among the active trading favorites.

REVENUE LOADINGS CLIMB 15 PER CENT

WASHINGTON, Jan. 1.—Loadings of revenue freight on the nation's railroads were consistently above 1935 this year. The total of around 36,100,000 cars was nearly 15 per cent above the 1935 figure of 31,518,371 cars, and the largest since 1931 when the total was 37,151,249 cars.

Detailed figures for the past two years as compiled by the Association of American Railroads follow:

Period

January (4 weeks) 2,331,111 2,192,146

February (4 weeks) 2,135,118 2,272,319

March (4 weeks) 2,418,385 2,408,199

April (4 weeks) 2,544,843 2,302,101

May (4 weeks) 2,531,801 2,481,679

June (4 weeks) 2,787,012 2,468,735

July (4 weeks) 2,628,547 2,224,482

August (4 weeks) 2,701,056 2,398,051

September (4 weeks) 3,061,119 2,824,482

October (5 weeks) 4,088,623 3,583,051

November (5 weeks) 3,013,074 2,594,457

December (4 weeks) 2,812,211 2,318,382

Total 36,100,000 31,518,372

*Estimated.

NAME BANK REPRESENTATIVE

NEW YORK, Jan. 1.—The Continental Bank & Trust Co. today announced the appointment of Thomas W. Farwell, for the past 10 years representative of the Chemical Bank & Trust Co. in the Middle West, as its Middlewestern representative, with offices in the Field Building, Chicago.

Abreast of The Times on Finance

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FRIDAY, JANUARY 1, 1937

13-BILLION-DOLLAR MARKET SPURT INDUCES GOVERNMENT EFFORTS TO PREVENT CRASH

Stocks Believed Ready to Extend Gains in New Year, but Scope of Recovery May Be Circumscribed by Series of Restraints on Trading.

By Elmer C. Walzer

United Press Financial Editor

NEW YORK, Jan. 1.—Stocks listed on the New York Stock Exchange appreciated \$15,000,000 in 1936 in a half billion-share market. Prices were restored to levels of 1931 in the averages. Some issues made all-time highs. Business meanwhile rose to its best level since 1930 and further gains are anticipated.

Depression seemed to have been left behind despite the fact that much of the incentive for the recovery was artificial. So rapid was the rise that official Washington trained its attention on methods to cope with the situation before it got out of hand as it did in 1929.

Further recovery could easily carry over into 1937 in the opinion of Wall Street experts. But its scope depends on checks imposed by the government. These might include increased margins, reduction in market liquidity through segregation of broker and dealer activity, legislation against foreign transactions in American markets, and tax law changes.

None believes that the Administration desires to squelch the market. A strong stock market induces confidence in business and helps the recovery along. The plan that might be adopted is to prevent a runaway boom based on flimsy credit accounts. Just how far the government can go without disastrous results is problematical. But it is believed efforts will be made to prevent duplication of the 1929 debacle in event the rise continues at a fast pace.

April Only Month of Decline

Gains during the past year were scored in every month save April. That month broke a rise that had endured for exactly 12 months to become one of the most prolonged in recent market history. Bonds also mounted with United States governments making records. Commodities made new recovery flights.

Millions and billions can be banded about in describing the year's results in addition to the gigantic stock appreciation. Bond and stock offerings approached \$5,000,000,000, a new six-year high, but most of them were for refunding. The government's gold holdings crossed \$11,000,000,000 to the highest on record. Electricity output neared 107,000,000 kilowatt hours, a record; automobile production approached 5,000,000 units, the best since 1929.

Steel ingot output at 47,700,000 tons was the best since 1929. Building permits in principal cities were close to \$1,000,000,000 for the first time since 1931. Car loadings totaled better than 36,000,000, the best since 1931. The oil industry turned out 1,100,000,000 barrels of crude oil, a record production. The nation's railroads had net income of around \$150,000,000, the highest since 1930. Foreigners raised their investments in American securities to about \$7,000,000,000.

Stocks Follow Trend

Stocks generally followed the trend of their industries. Utilities were exceptions to this because of government pressure. Leading motor shares made new highs since 1929. Steels mounted as output approached 47 million tons.

Oils were slow. Copper rose when domestic copper was advanced steadily to 11 cents a pound. Rails gained but at a slower pace than the industrials. Far shares were strong on outlook for heavier purchases from the agricultural community whose income was up about 10 per cent for 1936. Chemicals made wide gains. Can stocks declined on poor business caused by the drought. Gold led popularity.

The market weathered the election without difficulty. Following the Democratic landslide, the attitude of Wall Street and industry changed to one of co-operation with the Administration. The European situation produced momentary fluctuations of difficulty quickly followed by recoveries. Wall Street doesn't believe Europe is ready for a war just now.

The utility division is prone to overlook much of the gains in the year. The former gold block through upvaluation of French, Swiss and Dutch currencies had been anticipated and discounted amply before it happened.

Business Rise Aids Market

The stock market recovery was induced primarily by the business rally. The latter's pickup in turn was aided by natural recovery factors and by artificial stimulation of government funds. A billion dollars into trade channels. Several million more in the form of relief and public works expenditures may be curtailed in 1937, but the financial community hopes the reductions will be offset by expenditures by industry which would do much to aid re-employment of those on relief rolls.

Inflation appeared to be out of the picture in 1936 and it is not mentioned as a factor in 1937. There is, of course, the basis for giant credit inflation in the gold Reserve but it is believed the Federal Reserve will take steps shortly to reduce that base through raising reserve requirements.

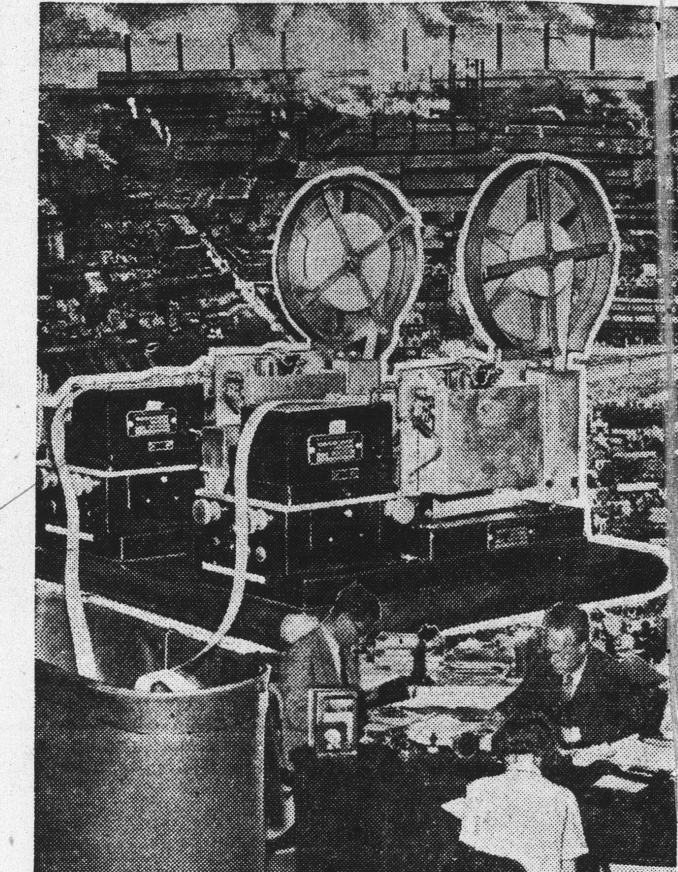
Uncertainties overhauling the market in addition to fears of government intervention to slow the recovery with respect to industry, ability of the government to continue an easy money policy, Supreme Court action on such items as the Social Security Act and Wagner Labor bill, trend of the government in the utility industry, and labor's attitude.

ASSISTANT IS NAMED

KANSAS CITY, Mo., Jan. 1.—Jack Frye, Transcontinental and Western Air president today announced appointment of Milton Van Slyke as his assistant.

For the past ten months Mr. Van Slyke has been TWA public relations manager in Chicago. Before joining TWA he was transportation editor for the Chicago Journal of Commerce, the announcement said.

Stock Market Reflects Upswing as Business Picks Up



Increased activity in American business and industry during 1936 was reflected by the stock ticker, as the markets soared to recovery highs.

Heavy Goods Industries Aid Recovery as Pace Is Boosted to 1930 Level

Business Men See Further Gains Being Recorded in 1937 With Rail Equipment Buying, Plant Expansion and Building Boom, Forecast.

NEW YORK, Jan. 1.—American business rallied in the average to around 1930 levels this year and the outlook for 1937 gives promise of maintaining much of the recovery pace.

Heavy industry was the answer. Steel production rose to the best levels since 1929. Railroad equipment buying was the greatest for the depression period. Electric power production—reflecting tremendous increase in industrial operations—went to record highs. Building advanced, although more slowly than other industries.

And meanwhile automobile production, the first industry to show a step-up after the bleak years of depression, continued to expand to 7-year highs, while the consumer industries had even better years than those since the recovery got underway.

Pickup Carries Through Year

Business slowly picked up the momentum given in 1934 and 1935 and rose steadily through the year, reaching peak developments in the final months.

There was to aid this movement the urging of co-operation by such financial leader as Winthrop W. Aldrich, head of the Chase National Bank. There were optimistic views on the times by industrialists such as Eugene G. Grace, president of the Bethlehem Steel Corp., and Alfred P. Sloan Jr., president of General Motors Corp.

Legislative restrictions were fewer. To be certain there was a new revenue measure and the tax on corporation undivided surplus profits. Neither had restrictive influences nor although the latter tax in bleak years might react by falling to permit companies to build up cushions against depression.

Outlook Is Promising

There was the bonus payment with its tremendous outpouring of funds and the flood of increased dividends brought about by the surplus profits tax. There were increased pay rolls particularly in the steel industry—hourly rates there now being the highest in history—and certain new taxes which affected railroads.

But these were overlooked as the surge of business improvement swept aside obstacles. The 1937 outlook gives even greater promise. Sloan said automobile production next year may even exceed 1929 which found a total of 5,621,715 automobiles produced. Steel production will go into 1937 operating at the highest rate since 1929. Railroad equipment buying will continue while vast plant expansion work—totaling into the hundreds of millions—will get underway fully next year.

Function Is Smooth

Officials and members of the Chicago Board of Trade take a natural pride in the performance of the new market since it functioned from the start with all the ease and accuracy other Board of Trade markets have acquired over a period of almost 80 years.

This is not surprising, however, since our special soy bean committee's investigation revealed a consensus of opinion among growers, cash handlers and processors, favoring establishment of such an open market, giving soy bean traders the same trading privileges enjoyed by growers and handlers of other cereals.

The soy bean crop, both from the standpoint of the farmer who has found the crop decidedly profitable—also valuable as a catch crop or as a substitute for other grains—and from the standpoint of industry, is steadily increasing in importance.

Value of the new market met with prompt recognition from the trade, a great part of its activities being due to hedging, or price insurance, which makes it available to processors. We feel here that the facilities offered by this futures market will be a big factor in popularizing soy beans and that the exchange has taken a long stride forward by demonstrating its market leadership with a new product of agriculture.

1937 RAIL INCOME NEAR 1931 FIGURE

CHICAGO, Jan. 1.—Market experts today forecast rising prices for livestock in the early months of 1937 because of indications of a scarcity of suitable offerings.

Such situation would, about parallel that of early this year when prices of some livestock made peaks for the year. Declines thereafter continued in some lines into autumn with a recovery coming late in the year.

Cattle prices reached their peak for 1936 on Jan. 22, when producers asked \$15 for the best offerings. The lowest price of the year was \$8.85 on May 4. Year-end prices were about \$3 above the low.

Hogs made their top at \$12.05 per hundredweight on Aug. 22. Then offerings increased and the price fell until it touched its low on Oct. 30 at \$9.50. Receipts continued heavy in November and December, but better demand offset them to some extent.

Sheep, old crop, touched a high of \$12.85 on April 29, with spring lambs at a top of \$13 in June. The low on old crop sheep was made Dec. 8 at \$9.

JORDAN CUT RATE RUGS AND LINOLEUMS

207 W. WASH. ST. OPPOSITE ST. HOUSE

Industry Gains 9 to 62 Per Cent

NEW YORK, Jan. 1.—Industrial gains in 1936 ranged from 9 to 62 per cent above 1935, compared with 3 to 69 per cent gain in 1935 over 1934. Building contracts and cement production showed the wider gains, the former 62 per cent and the latter 49 per cent. All 11 divisions used in the compilation recorded gains over a year ago.

On the basis of estimates for 1936, automobile production was 122 per cent greater than in 1935, building permits 142 per cent greater than the depression low and steel production 258 per cent better than 1932.

The following table shows estimates on important business statistics for 1936 compared with actual figures for 1935, 1932, the bottom of the depression and 1929, the record year:

	1936	1935	1932	1929
Auto Output (units)	4,600,000	4,119,811	1,431,467	5,621,715
Buildings (sq. ft.)	27,000,000	27,077,000	235,341,000	638,710,000
Building Permits (sq. ft.)	27,000,000	27,077,000	235,341,000	638,710,000
Buildings (sq. ft.)	27,000,000	27,077,000	235,341,000	638,710,000
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*000 omitted.

Grains Lead Commodities to New High Ground Since 1930

NEW YORK, Jan. 1.—Commodities high ground since 1930 and, measured by daily weighted price index of 30 representing 81 per cent of the 1926 normal.

Late in the year the index was around 140 per cent of the 1930-1932 average. That was more than 100 per cent above the depression low of 115.13 was made on May 27.

During 1936 advanced into new high ground since 1930 and, measured by daily weighted price index of 30 representing 81 per cent of the 1926 normal.

Grains Advance Most

Grains made the best advances. No. 2 yellow corn and No. 2 red wheat made 7-year highs at gains of 56 cents a bushel and 30 cents a bushel, respectively. Rye No. 2 doubled on its close of 1935.

Rubber futures were carried into new highs for many years and the spot position which is included in the index rose nearly 6 cents a pound. Copper led the nonferrous metals—except silver—higher. Flour, lamb, coffee and sugar were substantially higher. Wool jumped 9 cents a pound. Steel scrap made a sharp rise.

Cocoa, not included in the index because of its relatively small cash value, recorded a rise of more than 100 per cent during the year to above 11 cents a pound, a new high since 1929. Sharp declines in West African crop prospects caused the rise.

PRICE INDEX OF 30 BASIC COMMODITIES (Compiled for United Press by Dun & Bradstreet, Inc.) (1930-1932 equals 100)

	1936	1935	1932	1929
Jan.	100.00	100.00	100.00	100.00
Feb.	100.00	100.00	100.00	100.00
Mar.	100.00	100.00	100.00	100.00
Apr.	100.00	100.00	100.00	100.00
May	100.00	100.00	100.00	100.00
June	100.00	100.00	100.00	100.00
July	100.00	100.00	100.00	100.00
Aug.	100.00	100.00	100.00	100.00
Sept.	100.00	100.00	100.00	100.00
Oct.	100.00	100.00	100.00	100.00
Nov.	100.00	100.00	100.00	100.00
Dec.	100.00	100.00	100.00	100.00

CHICAGO EXCHANGE HEAD IS CONFIDENT

THADDEUS R. BENSON

CHICAGO, Jan. 1.—Examination of the balance sheet of business as of December 31, 1936, comes to a close reveals, I believe, a satisfactory condition from which we can all take confidence.

Like an examination of the business statement of earnings reveals a satisfactory record of progress over the last 12 months.

The balance sheet, in my opinion, discloses a surplus amounting to assets which will enable business to make a satisfactory record of progress in 1937 in spite of the European political situation and other similar ones, the effect of which on America depends upon developments which cannot be foretold.

I have every confidence for 1937.

Best Wishes For 1937 to Our Policyholders and Friends.

State Mutual Life Assurance Company

Fred T. Oretors William A. Tidwell
C. Fred Davis Ross M. Halgren

620 Cicale Tower.

ANALYSIS SEES GAINS IN MAJOR BUSINESS LINES

Most Industries Slated for Further Climbs in '37, Poor's, Say.

NEW YORK, Jan. 1.—Practically all major lines of industry are slated for further gains in 1937, according to Poor's Publishing Co. in a detailed analysis compiled for the United Press.

The analysis follows:

Advertising, Publishing and Printing—Advertising appropriations for 1937 should top those of 1936 by 12 to 14 per cent due to improved business conditions, plans of manufacturers to offset outlawed dealer advertising allowances, and the growing tendency to invest profits in advertising rather than to pay them out as taxes.

Automobile Accessories—Next year should witness a gain of approximately 10 per cent in production and sales.

Automobiles and Trucks—Car sales in 1937 should total 5,000,000 and possibly more. Truck sales and earnings gains are forecast due to steady revival of heavy industries.

Building Material and Construction—Excellent prospects for further expansion during 1937 in new construction and building rehabilitation favor maintenance of the earnings uptrend.

Coal—The outlook is unimpressive. Whatever may be the form of regulation attempted in the bituminous branch, the permanent or effectiveness of any artificial means of stimulating profits over the long term is open to doubt. Operators of anthracite mines will continue to face keen competition, although bootleg operators should diminish.

Department Stores and Mail Order Companies—Rising consumer incomes have boosted department store and mail order company sales well above the 1935 levels. That the uptrend will continue into 1937 is indicated by the growing optimism of "the man in the street" and by continued gains in consumer purchasing power.

Electrical Equipment—With a maintenance of the upward trend in the wage scale, the houseware equipment branch looks forward to further improvement in 1937. In the industrial equipment division, prospects for further earnings growth in 1937 are conspicuously favorable.

Electric Power and Gas Utilities—In spite of the broad gains in consumption during 1936, the power and light industry, depressed by political and legal uncertainties, most of which will be removed in the immediate future, The more objectionable administration activities will probably be "inactivated" and replaced by new legislation also designed to lower rates. This should pave the way for renewed expansion. The manufactured gas industry has solved its immediate problems, and favorable earnings are in prospect. The natural gas division boasts a bright outlook.

Industrial Machinery and Machine Tools—Increased confidence in the genuineness of the business improvement released pentup orders for new equipment in 1936. The stage is set for manufacturers in this group to expect a period of activity in compensation for the meager volume of the depression years.

Motion Pictures—Continued increases in individual incomes suggest larger attendance at theaters. It implies, too, that box-office prices may be raised early in 1937.

Nonferrous Metals—Expanding demand for all base metals, accompanying rising business activity will continue to favor the nonferrous metal mining industry.

Petroleum—Leading oil companies promise to continue into 1937 the expansion in production which surpassed in 1937, the railroads must handle considerably more traffic because of the expiration on Dec. 31 of surcharges, higher labor costs and the social security and railroad retirement act.

Shoes and Leather—Improved demand for quality shoes suggests that higher prices may come in 1937.

Steel and Iron—A more optimistic outlook for 1937 is justified.

ON SAVINGS

3 1/2%

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