

HIGHER PRICES CAUSED BY SUPPLY SHORTAGE

Wheat, Steel, Copper and Chemicals Reach New High Levels.

REACTION MAY COME

Market Conditions Excellent—No Strain Felt Upon Credit Structure.

By STUART P. WEST.

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New York, March 31.—Occurrences of the past week have emphasized the check upon speculative activities in virtually all the markets. This is true equally of stocks, of cotton, of foreign exchange and of sugar. Wholesale prices have continued to advance, the last fortnight of March witnessing new highs for the season in wheat, steel, copper and chemicals. But in these instances there has been no question of speculation accelerating the upward movement. It has been a steady, unrelenting advance, the result of a long and close relation between current demand and supply.

The two leading questions before the business situation at the moment is whether the market will continue to advance, and second, what effect the increase in wages scales is to have upon profit margins. All data on trade affairs indicates that the market is not impeding in wage scales is to have upon profit margins. All data on trade affairs indicates that the market is not impeding in wage scales is to have upon profit margins.

Most of this buying has been merely the replenishment of stocks that were allowed to run down, the stock market being in the period of depression from the fall of 1922 to the present. But the danger is that so urgent a buying movement as has been in progress since the middle of last year, may be followed by reaction. If prices are pushed ahead to an extent sufficient to discourage demand such a reaction would be inevitable.

The weekly trade reviews noted strains along this line when they pointed out that railroad equipment makers had a backlog of orders for the next six months, and that at least one large pipe-laying enterprise had been ordered to build a better term could be secured from steel makers later in the year.

Textile Wage Advance Spread.

A number of the New England cotton mills, as was expected, have followed the example of the New York mills and advanced wages 12 1/2 per cent. It is fully anticipated that before long this advance will be made in the textile industries. In numerous other lines announcements of higher wages have been made, and it is expected that many corporations may have to raise their wages in the near future.

Whether or not their decision would have been different had speculation in the various markets been keeping on the high pitch of the past few days is an interesting subject of conjecture. At all events, the general readjustment and slow-down in the economy, as well as the other speculative markets, has been a most significant development.

Wall Street in Sane Mood.

Wall Street has discovered, as it usually does in all its campaigns, that most of the gossip (turning up of prices for extravagant bidding up of prices) has not been substantiated. It is now in a sane mood, and is in a position to debate more calmly the facts in the business situation and their relation to security.

Market conditions are in much better shape than they were, and there is nothing in the immediate future to warrant anticipations of an important change. But, on the other hand, the market is in a position to make it difficult for Wall Street to revive the interest there is a more.

No Strain on Credit.

The most reassuring feature of the whole situation is that rapid as has been the business expansion of the past six months, it has involved no strain upon the credit structure. The banks are up nearly \$1,000,000,000 from what they were last year, and there is no increase of less than 10 per cent. Discounts at the federal reserve banks themselves have been reduced to the same period, but they are considerably less than a quarter of what they were in December, 1922. These are clear proofs that nothing in the nature of inflation as it existed three years ago has yet occurred.

New York

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New York, April 2.—(Continued from page 1.)

Stocks. (Open/High/Low/Close)

| | | | | |
|----------------|------|------|------|------|
| Rapid Transit. | 44% | | | |
| Idwin | 189% | 189% | 135% | 136% |
| Richfield | 189% | 189% | 135% | 136% |
| n. Pacific | 148% | 148% | 147% | 148% |
| Max | 13% | | | |
| and Ohio | 71 | 71% | 70% | 70% |
| mp. Tab. | 78 | | | |
| nsol. Gas | 65% | 66 | 64% | 64% |
| ander | 71 | 71 | 72 | 72 |
| Cola | 75% | 75% | 75 | 75 |
| n. Leather | 36% | 36% | 36% | 36% |
| rn Products | 128 | 128% | 126% | 126% |
| ill Pack. | 83% | | | |
| and I. | 28 | 28 | 27% | 27% |
| ban Cane | 16% | | | |
| ore Copper | 29 | 29 | 27% | 27% |
| ill. Pet. | 100% | 100% | 97 | 97 |
| ucible | 80 | 80% | 78% | 78% |
| and C. | 80 | 80% | 78% | 78% |