

Stocks Mark Time at Week-End--All Eyes on European Crisis

HAVE STOCKS REACHED BEDROCK? VIEWS OF ANALYSTS DIFFER

Altho Many Stocks Are at Attractive Investment Levels, Believers in Tradition Hold That Violent Break Must Precede Turn For Better—Underlying Conditions Are Fairly Good.

(Specially written by S. S. Foutaine for The New York World and The Toronto World.)

NEW YORK, May 4.—Whether the market pendulum completed its downward stroke with the sharp decline of Friday is a question upon which there is a wide difference of opinion among the analysts of conditions that have more or less influence upon the movement of securities. Those who cling to Wall street precedents maintain that the culmination of a bear market is usually found in a violent break of several days' duration, during which the total transactions exceed a million shares a day. While such consummations of prolonged declines have frequently occurred, there have been no many exceptions that such a rule can scarcely be said to have been thoroughly established. Indeed, Wall street precedents have little value in their application to present-day market tendencies. They are no more unerring than the various systems which have been used from time to time in an attempt to gauge the course of prices only to be abandoned in the end as absolutely valueless. Practically none of the great market swings that have occurred during the memory of man have been accompanied by a close analogy to any other. They have had their inception in causes and conditions peculiar to themselves, and their course has been guided by combinations of influences that have seldom, if ever, been present in any other movement.

No Fixed Standard.

There is therefore no reliable standard for judging security values. The nearest approach to it is the relation of the dividend yield of standard shares to the current rates for time loans. Under normal conditions stocks may be considered to be relatively cheap when their average yield is substantially above the return from money loaned for fixed periods, yet such rule is only general in its application, and may fail utterly as a guide to the value of individual stocks. Taken as a whole, the general list of securities dealt in on the New York Stock Exchange appears to have reached unusually attractive investment levels; yet there are several railroad and industrial issues that are obviously selling at prices much higher than their intrinsic values warrant. Conservatively speaking, the market appears to be in a readjustment stage. Stocks that have attractive investment and speculative elements should wait for higher levels during the period before the midsummer stagnation sets in, while others whose market prices are unjustified by their prospective earning capacity or their prospective income yield should gradually adjust themselves to their proper market position.

Technical Conditions.

Purely technical conditions have governed the course of the market during the last week. During the declines which culminated temporarily at least on Friday, the selling was almost wholly for the short account. It is true that here and there was some timid liquidation of standard stocks from the portfolios of individuals whose margins had been exhausted or who were seeking to protect their commitments in highly speculative securities. There has been no selling of securities, strong interests. On the contrary, there has been steady absorption by the so-called banking element, which has been supplemented by odd lot purchases by the small investor in companies that made a specialty of accounts of this character. The writer on Friday that they had been literally flooded with orders for ten and twenty share lots. Under such conditions the continued liquidation of short account were bound sooner or later to render the position of the market extremely vulnerable, and the attitude, and their own operations, and their punishment. A concentrated attack on Friday morning, intended as a test of the market, developed the fact that while it was easy enough to make an impression on quotations in the absence of organized support, it was impossible to sustain a position of body was selling anything but contracts. There was a dearth of securities. The shrewdest of the operators, their contracts. They were amazed at the small supply of available material at hand. Then came the spirited buying from a fraction of a point ranging from a fraction to five points.

Shorts Rush to Cover.

The covering movement, however, was confined almost wholly to what is known as the near side. Interest. By this is meant the position of the professional traders who have no fixed attitude, but who shift from one varying tendency to another in accordance with the weakness of the market. The great short interest that assumes a position based upon its estimate of the market influence of current economic conditions, and which clings to its convictions, remains uncovered and it is this element which, when the final turn comes, give the greatest impetus to the recovery. This movement will take place when the speculative element is convinced that the general conditions warrant a substantial upturn in the value of securities. At the present time their attitude towards the market may be said to be neutral. They are merely interested observers. Successive tests applied to the speculative interest have developed the fact that technical strength is steadily increasing. Liquidation has been very thorough. The lists of those who have stocks to sell at slightly higher levels than those now prevailing are diminishing. Good stocks have mostly gone into strong hands. The risk of being swamped with stocks is becoming less and less, the operator on the market's constructive side finds.

Uncertain Factors.

Conditions, however, are by no means ideal for operators of a bullish character. There are too many un-

certain elements yet to be reckoned with. Chief of these are the political situation abroad, the influence of tariff revision on business, the approach of the crop-making season, the condition of the money market, and the outcome of the application of the railroads to the interstate commerce commission for permission to increase freight rates. The crisis in European politics will probably be reached on Monday, when Austria-Hungary will present to the ambassadors' conference her ultimatum as to the evacuation of Scutari by the Montenegrins. International houses that usually have reliable information as to the state of affairs in European politics refuse to take a pessimistic view of what has appeared to be an extremely tense and delicate situation. They declare that the powers are in thorough accord as to the autonomy of Albania and as to the necessity of preserving Scutari as its capital. They even maintain that the complications that have arisen thru the contumacy of King Nicholas were clearly foreseen and provided for, and that the apparent irritation of Austria and her concentration of troops on the Montenegrin border represent merely the movement of pawns in a prearranged game. The alarming news that comes periodically from Vienna is invariably accompanied by violent movements on the bourse, and there is a very strong suspicion that some of those strong supporters who more deeply concerned in dragging the last dollar out of certain bearish operations in Austrian securities.

Tariff Revision.

With the final passage of the Underwood tariff bill by the House of Representatives, the country has before it the tariff revision program, its most radical shape. What is to come between the time the bill reaches the senate and its final presentation to the executive for approval or disapproval, must be in the way of compromise, if there are any changes to be made. It is very much to be doubted if the party whips in the upper house can hold their organization to complete inaction on the political M. F. H. of the lower chamber has succeeded in doing by the discreet withholding of patronage until the protection for has been run to cover. However, that is the story that the Washington correspondents will have to tell. This much, however, is very plain. The business before the country know now the worst that can happen to them, and there is no reason why they should not begin at once to adjust their income to the new condition, whatever it may be. Outside of New England, where there is a general belief that the tariff changes will be a general business depression result, or prolonged depression result, a moderate business reaction just at this time would take the strain off our banking system, and there is little likelihood of any return of stringent conditions for a year or two. In the meantime, the effect of the change in the country's tariff system is without doubt the most important factor in the country's entire history. The winter wheat crop which is practically all signs point to a wonderful harvest for spring, and planting conditions for spring, and corn and small grain and vegetables, are practically ideal. In addition to a great permission to increase application for which carries the weight of a just cause, should be granted, there is every reason to believe that the later summer will witness a crop of great interest in our securities that will be international in its scope.

BRAZILIAN IN LONDON.

Bongard, Ryerson & Co. received cables from London quoting Brazilian Treasury bond brokers, London equivalent about three points below Friday.

	Bid.	Ask.	Sat.	Ask.
Opening	97	97 1/2	97 1/2	98
Closing	98	98 1/2	97 1/2	98

MONEY MARKETS.

Bank of England discount rate, 4 1/2 per cent. Open market discount rate in London for short bill, 4 per cent. Call money in Toronto, 6 1/2 to 7 per cent.

FOREIGN EXCHANGE.

Glazebrook & Cronyn, exchange and bond brokers, current exchange rates as follows at closing:

Between Banks—

	Buyers	Sellers
N.Y. fds. 1-32 pm. 3-64 pm.	3 1/2 to 4	3 1/2 to 4
Mont. fds. 10c dis. 5c dis.	3 1/2 to 4	3 1/2 to 4
do. dem. 9-11-12 1/2	3 1/2 to 4	3 1/2 to 4
do. dem. 9-11-12 1/2	3 1/2 to 4	3 1/2 to 4
do. dem. 9-11-12 1/2	3 1/2 to 4	3 1/2 to 4

GROWTH IN PETROLEUM.

The Petroleum Review of London makes the following comparison of the figures being in metric tons:

	1912	1913
U.S. States	21,753,770	29,563,927
Roumania	1,329,027	1,306,562
Greece	1,175,975	1,180,042
Dutch E. In.	1,345,975	1,320,000
Mexico	1,320,000	2,100,000
Other	1,212,561	1,565,000
Total	35,193,507	47,100,000

LONDON PRODUCE.

LONDON, May 3.—Raw Sugar, centrifugal, 96 1/2; Muscovado, 96 1/2; beet sugar, 96 1/2; Calcutta, 96 1/2; sperm oil, 430; petroleum, American refined, 85 1/2; spirits, 94 1/2; turpentine, 85 1/2; 7 1/2; rosin, American strained, 28 1/2; 28 1/2.

WHEAT.

	Open	High	Low	Close	Prev.
May	93	93 1/2	92 1/2	93 1/2	92 1/2
July	94 1/2	94 1/2	94 1/2	94 1/2	94 1/2
Sept.	94 1/2	94 1/2	94 1/2	94 1/2	94 1/2
Nov.	94 1/2	94 1/2	94 1/2	94 1/2	94 1/2
Dec.	94 1/2	94 1/2	94 1/2	94 1/2	94 1/2
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