

Business News . . .

Babson Reports:

Depreciation Figures Vital in Annual Report

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BABSON PARK, Mass., Dec. 20—During my summer vacation at Gloucester, Mass., I read about forty 1955 annual reports of corporations listed on the New York Exchange. I was especially pleased with some of these because they had been made very interesting, illustrated by attractive pictures and charts. I assume that these latter have been prepared by professional agencies and public relations men. I am very pleased to see so many of them with the date of the year in large type in the upper right-hand corner on the outside cover.

RELATION OF PRICE TO NET EARNINGS

The common "quickie rule" for brokers to use in looking at annual reports is to study the relation of price to net earnings. When the price is 30 to 40 times earnings, it is usually a sign that the price is too high; while if the price is only 5 times net earnings after fair depreciation and taxes, it is looked upon as attractive. I hate to keep within the range of 10-to-20 times earnings.

MIXED-UP FIGURES

Some of the reports were unconsciously misleading. For instance, some would include the sale of land or securities with the gross income, which, of course, should not have been done. Furthermore, depreciation of "write-off" has been handled differently by different companies. The depreciation figure is very important to study for two reasons: First, heavy depreciation can reduce the net earnings to less than they really are; while small depreciation can indicate the reverse. If not honestly treated. Second, under ordinary circumstances the government allows an average of about 5 per cent on depreciation, but an special military work 25 per cent is sometimes allowed.

Oil companies have the largest write-offs. My two favorites are Occidental Oil and Phillips Petroleum. Standard Oil of California also rates well, with over 10 per cent write-offs each year. The chemical companies also have a good record for write-offs, leading with Dow Chemical at 15 per cent and Monsanto Chemical at nearly 9 per cent. Union Carbide also has a 9 per cent write-off.

STEEL MANUFACTURERS AND MINING COMPANIES

Upon studying the annual reports of the six leading steel companies, it was evident that U. S. Steel led with a write-off of 7 per cent. Although National Steel followed closely with 6.5 per cent. The lowest in my list was Inland Steel, which showed only 2.3 per cent. On a replacement basis, probably U. S. Steel would amount to \$200 to \$300 a share while today it is selling at \$72. Bethlehem Steel, its nearest competitor, writes off less than 5 per cent.

Other reports were on aluminum and nickel companies, together with the three leading copper companies, namely, Anaconda Company, Kennecott Copper, and Phelps Dodge. The aluminum companies—encouraged by special government concessions—lead, with write-offs of over 7 per cent. Anaconda, however, leads the copper companies with a write-off of about 4 per cent. International Nickel has a good write-off, but readers who purchase this stock should have the certificates stand in the name of some U. S. bank or stock exchange firm and not in their own names. Otherwise, such stock is quite embarrassing in the case of the death of an individual.

Miscellaneous companies—the write-offs range from about 15 per cent for International Business Machines down to less than 2 per cent for several of the companies. One of my favorite stocks, Westinghouse Electric, has a write-off of 3 per cent. The smallest write-offs are in retail trade companies, due largely to the fact that they lease most of their stores. F. W. Woolworth has the largest write-off of 3 per cent, while both Sears, Roebuck and Montgomery Ward write off only a fraction of 1 per cent. Calumet Tractor, Cuming Glass, and Eastman Kodak have good write-offs from 3 1/2 per cent to 4 1/2 per cent. General Electric writes off less than 3 per cent and General Motors less than 2 1/2 per cent. General Foods writes off less than 1 per cent. In giving these figures I do not mean that these are the best stocks to buy, as there are many important things to consider besides annual reports figures. I do, however, urge my friends to read this annual report received.

Portland Produce

PORTLAND (U) — Butterfat — Tentative, subject to immediate change—Premium quality, delivered in Portland, 64-67 cents per lb.; first quality, 61-64; second quality, 56-59.

Butter—Wholesale, f.o.b. bulk cubes to wholesalers—Grade AA, 53 score, 63; A grade, 52 score, 62; B grade, 50 score, 60%; C grade, 49 score, 58%.

Cheese—To wholesalers—Oregon singles, 41-48 lb; Oregon 5-lb loaf, 43 1/2-53 1/2.

Eggs—To retailers—Grade AA, large, 51-53; A large, 48-49; AA medium, 46-48; A medium, 45-47; A small, 37-38. Cartons, 1-3 cents additional.

Eggs—To wholesalers—A large, 46-47 1/2; A medium, 43-45 1/2; A small, 35-36 1/2.

Live poultry—No. 1 quality, f.o.b. Portland—Fryers, 21-24 lbs; 15-18; light hens, 19-11 at farm; heavy hens, 13-14 at farm; old roosters, 7-8.

Turkeys—To producers—Live weight fryers, 27-28; young turkey hens, eviscerated, 35-36; young toms to 24 lbs, 24-25; 1-2 premium for heavier.

Rabbits—Average to growers—Live white, 3 1/2-4 1/2 lbs, 21-24; colored pelts 4 cents less; old does, 10-12; 1 ew higher. Fresh killed fryers to retailers, 55-58; cut up, 60-63.

Wool—Nominal, clean base, 1/4 blood, 1.00-05; 1/2 blood, 1.03-06; 3/4 blood, 1.12-16; fine, 1.17-23.

Country-dressed Meats, f.o.b. Portland:

Beef—Young cows, utility, 20-22 lb; canners and cutters, 15-16.

Veal—Top quality lightweight, 30-32; rough heavies, 15-22.

Hogs—Best light blockers, 21-23; lean light sows, 25-29.

Lamb—Top grade, 34-36.

Mutton—Lightweight ewes and wethers, 19-12; rough heavies, 5-8.

Fresh Produce

Onions—Idaho Yellow, 50 lb, 2.35-50; med, 1.25-50; white, 3.00-50; Ore. Danvers, med, 1.50-2.00; 3 in, 2.25-50.

Potatoes—Local Russets, No. 1, 100 lb 2.50-75; Central Ore. Russets, 3.00-50; Ige 6-14 oz, 4.00-25; No. 2, 50 lb, 1.15-25; Idaho bales, 5-10 lb, 2.25-50; Wash. Russets, 100 lb, 3.00-25.

Hay—No. 2 green alfalfa, baled, f.o.b. Portland, 34.00-35.00 ton.

Apples—Boxes Oregon, Washington Red Delicious, extra fancy tray pack and wrapped, medium 6.50-7.00; large 5.50-6.25. 1 1/2 c o s e pack 5.50-6.50; regular, Delicious tray pack, extra fancy, 4.25-4.50; Winesaps wrapped extra fancy 5.50-6.00; loose 4.50-4.75; Newtons loose, extra fancy 4.25-4.50; Staymans loose 4.00-4.25.

Celery—Local 2 doz. 3.75-3.25; California 3-2 1/2 doz. 4.00-3.00; hearts 2.50-2.75.

Chicago Livestock

CHICAGO, Dec. 20 (U) — (USDA) — Hogs 9,000; fairly active; steady to 25 higher on butchers; most late and showing sale 15 to 20. On a few steady to 25 higher; advance on weights over 400 lb; No. 2-3 mixed grade, extra heavy, 12.50-13.50; few lots 1-2 100-200 lb; 17.00-17.25; 25 200-250 lb; 16.50-17.00; 200-250 lb; mostly 15.50-17.00; 18.00; larger lots 200-250 lb; 15.25-16.25; little below 14.50; weights under 200 lb in scarce; buyers took 1,000.

Cattle 2,000; calves 200; steers and heifers moderately active; generally steady; cutter and culler o w e steady; utility and commercial cattle to 25 lower; light fully steady; vealers steady to strong; steers 1.00 higher; checkers and feeders steady; few leads and lots good to arrive; choice steers and feeders 17.00-18.00; latter price for a part load 11.50-12.00; No. high checked 17.00; steers offered; standard to low good steers 14.50-17.50; few leads good and choice heifers 17.00-20.00; standard to low mixed 14.50-17.00; utility and commercial cows 12.50-2.50; strong weight cutters and cutters 12.50-15.00; some light cutters 10.00 and below; utility and commercial bulls 14.00-16.00; good and choice vealers 18.00-22.00; old head 20.00; light culls down to 7.00; good and choice 400-450 lb steers calves 14.25-15.50.

Sheep 1,500; active; lambs strong to 25 higher; full advance on woolled lambs; sheep steady; few to arrive; woolled lambs 14-16 in 18.00-20.25; prime natives up to 20.50; part dress ewes and wethers 14.00-16.00; lambs to 14.00; choice and prime steers 18-19 lb; wethers 16.11 to 18.50; 13.50; cull to choice, wethers 4.00-8.00.

Chicago Livestock

Grains Note Routine Day

CHICAGO, Dec. 20 (U) — Small losses outnumbered equally small gains in routine dealings on the Board of Trade today.

Most conspicuous weakness was in new crop wheat. It was down more than two cents at one time. Wheat closed 1 1/2 lower to 3/4 higher, corn 1/4 lower, oats unchanged to 1/4 lower, rye unchanged to 1/4 higher, soybeans 1/4 lower to 1/4 higher and lard 7 cents lower in 10 cents a hundred pounds higher.

It was apparent many traders were disappointed over the Agriculture Department's 1957 winter wheat crop estimate. After the close yesterday the department forecast a crop of 624,933,000 bushels.

While this would be 110,042,000 bushels less than the 1956 crop, many traders had expected a sharper decline in view of the fact nearly 11 million acres of winter wheat land had been put into the soil bank.

March wheat provided quite a contrast with the new crop futures. Part of the demand for March wheat stemmed from the very strong manner in which the December wheat future was closed out in yesterday's market. Grainmen did not consider Chicago stocks of wheat as unduly large.

Pakistan purchased 2,000,000 bushels of wheat, but it was all the Pacific Coast white variety.

Chicago Grain

CHICAGO, Dec. 20 (U) — Grain:

WHEAT	Open	Close
May	2.20 1/2	2.40 1/2-40 1/2
July	2.25 1/2	2.35 1/2-35 1/2
September	2.30 1/2	2.35 1/2

CORN

March	1.20 1/2	1.21 1/2-21 1/2
May	1.25 1/2	1.26 1/2-26 1/2
July	1.30 1/2	1.31 1/2-31 1/2
September	1.35 1/2	1.37 1/2-37 1/2

OATS

March	20 1/2	21 1/2-21 1/2
May	21 1/2	22 1/2-22 1/2
July	22 1/2	23 1/2-23 1/2
September	23 1/2	24 1/2-24 1/2

RYE

March	1.40 1/2	1.41 1/2-41 1/2
May	1.45 1/2	1.46 1/2-46 1/2
July	1.50 1/2	1.51 1/2-51 1/2
September	1.55 1/2	1.56 1/2-56 1/2

SOYBEANS

March	2.40 1/2	2.41 1/2-41 1/2
May	2.45 1/2	2.46 1/2-46 1/2
July	2.50 1/2	2.51 1/2-51 1/2
September	2.55 1/2	2.56 1/2-56 1/2

Chicago Onions

CHICAGO, Dec. 20 (U) — Onions:

Open	High	Low	Close
January	21	24	21
February	1.06	1.02	1.02
March	1.17	1.13	1.13

Richard Rogers, composer of "Oklahoma!" and other musical hits, was the first freshman ever to compose the music for a Columbia University varsity show.

NEW! Like home made

DIAMOND BRAND EGGS

Country Smoked
Sugar Cured

Whole or Shank Half Per Pound

M.D. 80 Count **NAPKINS** Per 5c Limit 2

Maxwell House **INSTANT COFFEE** 4-oz. \$1.19 Limit 1

Downtown Shopping Center • Keizer

YOUR COMPLETE FOOD CENTER

Brands You Know • Prices You Like • Friendly Service

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New York Closing Stocks

Reported by Merrill Lynch, Pierce, Fenner and Beane

Admiral Corp.	13 1/2	Ford Motor	50	Philco Corp.	18 1/2
Al Chem & Dye	95 1/2	Gen Dynamics	58 1/2	Phil Morris	41 1/2
Allied Sigs	43	Gen Elec	61 1/2	Phl Petrol	31
Allis Chalm	22 1/2	Gen Foods	41	Pillsbury	40 1/2
Alcoa	95 1/2	Gen Motors	43 1/2	Procter & G	31
Aluminum Ltd	120 1/2	Gen Tire	52 1/2	Pug SD P & L	35 1/2
Am Airlines	23 1/2	Gen Pac Fly	28 1/2	Pure Oil	45 1/2
Am Can	40 1/2	Gillette	43	Radio Corp	24 1/2
Am Cyn	76 1/2	Glidden	34 1/2	Rayonier Inc	30 1/2
Am Motors	31 1/2	Goodrich	75 1/2	Repub Sll	20 1/2
Am Sll Pdr	43 1/2	Goodyear	78 1/2	Reynolds Met	41 1/2
Am T & T	107 1/2	Grace WR	44 1/2	Reynolds Tob	33 1/2
Am Tobacco	75 1/2	Grt Lo Ry	44 1/2	Richfield O	67 1/2
Am Viscosa	25 1/2	Grt West Sug	20	Royal Dutch	41 1/2
Anac Copper	72 1/2	Greyhound	14 1/2	Safeway Srs	70
Armour	17 1/2	Gulf Oil	110 1/2	St Joe Lead	28 1/2
Atchafon Top	28 1/2	Homestake M	34 1/2	St L & S Ry	25 1/2
Avco	5 1/2	Int Harvest	28 1/2	St Regis Paper	40 1/2
Bendix Avia	90 1/2	Int Nickel	103 1/2	Stromberg Ind	20 1/2
Best Foods	44 1/2	Int Paper	109 1/2	Studebaker	40 1/2
Beth Sll	18 1/2	Johas-Mann	47	Sears Roeb	38 1/2
Boeing Air	63 1/2	Jones & M SU	60 1/2	Shell Oil	40 1/2
Boyer	43 1/2	Kaiser Alum	46 1/2	Skelly Oil	71 1/2
Bucyrus	23 1/2	Kennecott	28 1/2	Scoville Mob	37 1/2
Burrus Adding	39 1/2	Kern Land	42 1/2	Sou Cal Edl	44 1/2
Call Pack	43 1/2	Libby McN	12 1/2	Sou Pac Ry	45
Camp Soup	25 1/2	Liebig Myers	61 1/2	Sud Brands	37 1/2
Can Pac Ry	55 1/2	LOP Fash	82 1/2	Std Oil Ind	61 1/2
Case J I	13 1/2	Lockheed Air	15 1/2	Std Oil NJ	58 1/2
Cater Trac	15 1/2	Low's Inc	19 1/2	Stude-Pack	37 1/2
Celanese	15 1/2	Lorillard	15 1/2	Sunray Oil	27
Certainteed	10 1/2	Margaron M	37	Sunshine M	24 1/2
Che & O Ry	61 1/2	Marsh Field	33 1/2	Swif & Co	30 1/2
Chi M & S P	15 1/2	Merk & Co	35 1/2	Sylvania El	44 1/2
Chi NW Ry	23 1/2	Met Chem	30 1/2	Texas Co T	37 1/2
Chi R Is Ry	21 1/2	Mont Ward	38 1/2	Texas Gulf	20 1/2
Chrysler	70 1/2	Motrolora	30 1/2	Tectron	20 1/2
Cities Serv	68	Nail Blacuit	35	Texton	20 1/2
Clmax Moly	65	Natl Cash Reg	49 1/2	Tid-Aro	20 1/2
Cluett Fwy	48	Natl Dairy	25 1/2	Transam	37 1/2
Coca Cola	88 1/2	Natl Distill	25 1/2	Trans Wv Air	19 1/2
Colgate	41 1/2	Natl Gypsum	27 1/2	Tween Cen Fx	22 1/2
Com Credit	49 1/2	Natl Supply	92 1/2	Union Carb	112 1/2
Comw Edison	44 1/2	Natl Tel & T	123 1/2	Union Carb Ry	30 1/2
Continental	19 1/2	Natl Zinc	43 1/2	Unl Alrcraft	30 1/2
Cont Chem	68	No Am Avia	30 1/2	Unl Lines	45 1/2
Cont Oil	127 1/2	No Pac Ry	28	Unl Corp	44 1/2
Crane Co	23 1/2	NW Airlines	16 1/2	Unl Fruit	44 1/2
Crown Zell	24 1/2	Olin Math	48 1/2	US Plywood	24 1/2
Curtis Wr	47 1/2	Otis Elev	43 1/2	US Steel	71 1/2
Deere & Co	33 1/2	Pabco	21 1/2	Warner IFC	28 1/2
Dodge	30 1/2	Pac G & El	50	Wash Water P	35 1/2
Doug Air	68	Pac T & T	123 1/2	West Air Br	23 1/2
Dow Chem	68	Pan Am Air	18 1/2	Western Elec	54 1/2
Du P de Ne	188	Penney J C	30 1/2	Western Union	18 1/2
E		Penn Ry	21 1/2	Woolworth	43 1/2
East Air	51	Peppi Cola	18 1/2	Zenith	104 1/2
East Kodak	88	Phelps-Dodge	63		
El Paso Gas	81				
Emer Radio	67 1/2				
Fairchild	10 1/2				
Flintkote	24 1/2				

Portland Grain

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PORTLAND (U) — Coarse grains, 15-day shipment, bulk, coast delivery: Oats No. 2, 38 lb white \$7.00; Barley No. 2, 45 lb B. W. \$1.50; Corn No. 2, E. Y. shipment 61.25. Wheat (bid) to arrive market, basis No. 1 bulk, delivered coast: Soft White 2.49 1/2; Soft White (excluding Rex) 2.49 1/2; White Club 2.49 1/2.

Hard red baar: Ordinary 2.49 1/2; 10 per cent 2.49 1/2; 11 per cent 2.49 1/2; 12 per cent 2.49 1/2.

Car receipts: Wheat 7; barley 2; flour 3; corn 2; oats 1; mill feed 2.

An electronic "eye" now permits blind operators to work on private telephone switchboards. The "eye" is attached to the index finger of the operator.

Portland Livestock

Portland Livestock

PORTLAND (U) — (USDA)—Cattle salable 300; cows steady-weak in cleanup trade; canners and cutters 6.00-8.25, few 8.50, heavy cutters 9.00-9.50, shells down to 5.00; utility 12.00-14.50, light cutter bulls 9.00-12.00.

Calves salable 50; no test on good and choice vealers; few standard 14.00-19.00; cull and utility calves and vealers 6.00-12.00.

Hogs salable 150; trade moderately active, fully steady; sorted No. 1-2 grade butchers 18.25-18.50, mixed No. 1-2-3 grade lots 17.50-18.00, sorted off No. 3s 17.00; sows mixed No. 1-2-3 grades 200-550 lb 12.50-16.50.

Sheep salable 100; market moderately active, about steady; good and choice woolled and shorn slaughter lambs 16.00-17.50, no choice lots offered, utility and low good slaughter lambs 12.00-16.00, common and medium lightweight feeders, 10.00-14.50; cull to good slaughter ewes 2.00-3.00.

Chicago Butter-Eggs

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CHICAGO, Dec. 20 (U) — (USDA)—Butter, steady; wholesale, 19 1/2; prices unchanged to 1/4 higher; 25 score AA 20 1/2-20 1/2; 20 A 20 1/2-20 1/2; 20 B 20 1/2-20 1/2; 20 C 20 1/2-20 1/2.

Eggs steady; wholesale buying prices unchanged; 65 per cent or better, A white 22 1/2-23 1/2; medium 21 1/2; standards 20-21 1/2; checks 20-21 1/2.

New York Closing Stocks

Reported by Merrill Lynch, Pierce, Fenner and Beane

Admiral Corp.	13 1/2	Ford Motor	50	Philco Corp.	18 1/2
Al Chem & Dye	95 1/2	Gen Dynamics	58 1/2	Phil Morris	41 1/2
Allied Sigs	43	Gen Elec	61 1/2	Phl Petrol	31
Allis Chalm	22 1/2	Gen Foods	41	Pillsbury	40 1/2
Alcoa	95 1/2	Gen Motors	43 1/2	Procter & G	31
Aluminum Ltd	120 1/2	Gen Tire	52 1/2	Pug SD P & L	35 1/2
Am Airlines	23 1/2	Gen Pac Fly	28 1/2	Pure Oil	45 1/2
Am Can	40 1/2	Gillette	43	Radio Corp	24 1/2
Am Cyn	76 1/2	Glidden	34 1/2	Rayonier Inc	30 1/2
Am Motors	31 1/2	Goodrich	75 1/2	Repub Sll	20 1/2
Am Sll Pdr	43 1/2	Goodyear	78 1/2	Reynolds Met	41 1/2
Am T & T	107 1/2	Grace WR	44 1/2	Reynolds Tob	33 1/2
Am Tobacco	75 1/2	Grt Lo Ry	44 1/2	Richfield O	67 1/2
Am Viscosa	2				