

Over-Confidence in National Economy Blamed for Trend in Stock Market

Editor's note: The recent break in stocks, which hit the 100-point mark from paper values in the period from July 12 to Oct. 22, has focused world attention on Wall Street. The following dispatch was written exclusively for the United Press by one of the most astute market analysts in the nation.

By L. O. HOOPER
Manager of Research for W. E. Hutton & Co.

New York—Without meaning to do so, most people assume that a trend, once established, will continue indefinitely. They are surprised when it does not and then wonder why they did not see the change com-

ing. This is especially true of trends in the stock market, because both favorable and unfavorable influences tend to multiply and compound in the same direction.

Here, as in other fields, post-mortems are easier and more accurate than prophecy. We should know by now that both investors and the business community for some time enjoyed a certain something that financial people and politicians like to call "confidence." It was exceedingly pleasant and we drank of it till we became intoxicated with an

over-optimism which was not realistic.

No Time for a Change

We did not think that credit authorities had the nerve to "do anything unpleasant" about inflation. We assumed that there could not be a big decline in stocks because the market was so much on a cash basis. We believed that expanding research, increasing population and the many widely discussed built-in prophylactics against depression and recession assured indefinite prosperity, and that day by day in every way, things would con-

tinue to get better and better.

What's been happening of late, it seems to me, is a reaction from an expanding economy's most serious threat, over-confidence. Economic man still sins; and when he sins, retribution follows.

A few months ago most everybody was "against" inflation, and in favor of "doing something" about it. The credit authorities have done something about it.

Federal Reserve policy has begun to hurt, so it has begun to be effective. Political and busi-

ness pressure probably will cause credit policy to be reversed, but the reversal will carry with it a time lag just as the tightening did.

Earnings Trend Downward

The nearby corporation earnings trend is downward and the trend in the evaluation of earnings is less imaginative and more realistic. That, I am sure, will become more and more evident as the months pass. Business men will spend less lavishly for capital improvements; jobs, for a time, may be less plentiful.

This is not a time when fundamental values count as much in the establishment of stock prices as passing supply and demand factors. The long inertia of common stock ownership, to which capital gains tax inhibitions contributed so largely, has been disturbed. More and more people are thinking about making changes.

We still do not know how this new generation of investors and speculators, who never until now have known anything but pleasantness in the market, will

act when experiencing unpleasantness.

Markets "Thin"

Markets are amazingly "thin" in indicated by the small volume of daily transactions in relation to New York Stock Exchange listings of nearly five billion shares. A little selling or a little buying has a big price influence.

It seems to me that potential investors should welcome rather than deplore this revision in equity market values. Stocks for the past two years have been too high to be attractive to the pru-

dent investor. Conscientious analysts have found it difficult to entice about anything. This has begun to change.

The main difficulty at the moment is to know just how far the correction in the economy will go, how much earnings, dividends and price-earnings ratios will decline and how high yields will become.

As the picture clears, there should be plenty of time to make intelligent selections leisurely. In the stock market, it always takes more time to build than to demolish.

Wall Street Thankful For Few Margin Calls During Recent Break

By ELMER C. WALZER
United Press Financial Editor

New York—Wall Street is thanking its lucky stars that with margins high there were relatively few margin calls in the recent break that knocked the industrial average down 100 points.

Almost at the same time, there is a drive in the Street to cut margins which have been at 70 per cent of the price of the stock since April 25, 1955. At that time they were raised from 60 per cent which had been in effect from Jan. 5, 1955. Before that a 50 per cent margin prevailed from Feb. 20, 1953.

It is noted that the stock market was the first place attacked by the Federal Reserve Board in its drive against inflation through tight money.

Should Be First Place
Wall Street reasons that it therefore should be the first place in which there is an easing of credit. "After all," says Eldon A. Grimm, analyst for Walson &

Co., "you can buy almost anything else with a small down payment whether it be a house, an auto or a vacuum cleaner."

"It would make good sense if the purchaser of a stock were allowed to put up a 'more normal' amount than 70 per cent. After all, the basic idea is to attract equity capital to allow the nation to grow again and keep up in the race against Communism."

Those who oppose lower margins at this time hold that there is a big difference between buying things on the installment plan and buying stocks.

Seldom More Money
Those who buy a house, an auto, and so on with a small down payment make monthly or other periodic payments and eventually pay up their debt. In the case of margin stocks, the buyer seldom puts up additional money unless he is forced to do so by a decline severe enough to impair his account.

These opponents of a drop in margins also note that Wall Street isn't logical in its approach. It is happy about the big margins which prevented a bigger rout than the market had in its recent break, and at the same time asks for lower margins that could bring woe in another break, they assert.

Angus Conference Slated For Fresno

St. Joseph, Mo.—Special national recognition for the Aberdeen-Angus breed's rapid westward expansion is given by scheduling the Fourth Annual American Aberdeen-Angus conference at Fresno State college, Fresno, California, on March 9, 10, and 11, 1958.

This will give Angus breeders in the western states their first opportunity to attend a national conference in their home territory. Previous events have been held at Oklahoma State University, University of Tennessee, and Michigan State university.

Cattlemen from more than half the states and Canada have attended each of these conferences. Fresno State college offers the facilities of a new campus for the three-day session. It is about halfway between Los Angeles and San Francisco in the San Joaquin Valley. Lloyd Dowler, dean of Agriculture, recently met with representatives of the Pacific Coast, Central Valley, Sacramento, Southern, and American Angus associations to make initial plans for the affair.

Official headquarters for the conference will be Fresno's Hacienda motel. Visitors should direct their room reservation requests to the Fresno Hacienda, Highway 99 at Clinton, P. O. Box 1228, Fresno 15, California.

Name for Earth Satellite Suggested

Charlotte, N. C.—An entrant in a newspaper contest suggested the earth satellite be named "city council" because:

- (1) It goes around in circles; (2) No one seems to be quite sure how it works; (3) It makes silly noises and (4) Often it seems not so bright.

Asian Flu Said On Increase Among Adults in Oregon

Portland—The State Board of Health today reported increasing incidence of suspected Asian flu among the adult population with many cases reported from Malheur county in eastern Oregon.

Dr. Grant Hughes, Malheur county health officer, said about 30 per cent of the persons stricken there are adults. Flu cases are running from 10 per cent to 60 per cent of the population in areas of the county, he said.

Dr. Hughes said some of the cases were having complications, including pneumonia.

Nysa Schools Closed

Three grade schools in the Nysa area were closed.

In western Oregon the two Dayton schools were closed in Yamhill county for the rest of the week.

A heavy flu incidence was reported at Fairview home near Salem but so far the cases are mild, officials said.

Absence in Portland schools continued more than 10 per cent Wednesday.

At least two prep football games scheduled for this week end had been postponed—Coburg vs. Harrisburg and Alsea vs. Perrydale.

Dig Dahlias Now, County Agent Says

Dahlias should be dug after the first killing frosts, advised Don Berry, county horticultural agent.

Remove the tops, leaving stubs about six inches tall, he suggested. Then, lift the entire clump, being careful not to injure the narrow neck which connects the tuber and the clump. Otherwise a blind tuber may result. Shake or wash off loose soil and place the clump upside down in storage containers.

After thoroughly air-drying the clumps they should be stored in a frost-free place. Winter storage temperatures of 35 to 50 degrees are best. A place which will keep potatoes in good condition will satisfactorily store dahlias. After drying and packing the clumps in dry sand, peat moss or sawdust will aid in the prevention of shriveling.

Steel Head, Model Steal Taxi as Joke

Honolulu—The president of a Los Angeles steel company and a blonde model were arrested Wednesday for stealing a taxicab as a joke.

Anthony C. Meehleis, 44, Encino, Calif., who heads Meehleis Steel Company, and Lee Raynor, 29, Daytona Beach, Fla., were released eight hours after their arrest.

They told police they took the cab as a joke after they failed to arouse a sleeping cab driver at about 3 a.m.

Police quoted Meehleis as saying when he was arrested: "I'll buy out the entire cab stand if I get into trouble over this."

Police said the two were released because of "insufficient evidence."

Molalla Youth Found Guilty in Shooting

Oregon City—Clyde Dewain Feyrer, 19, Molalla, Wednesday was found guilty by a Circuit Court jury here on a manslaughter charge in connection with the fatal shooting of his brother, Leonard A. Feyrer, last July.

The jury deliberated about seven hours before returning its guilty verdict. Sentencing will be Monday in the court of Judge P. K. Hammond.

Accounting Slated For Fall Course In Adult Program

Farm accounting and income tax and farm welding are two courses which will be offered in adult extension classes at Eagle Point High school this year, according to Nat Etzel, vocational agriculture advisor.

First course in farm accounting is to start at 8 p.m. Thursday, Nov. 7. One instructor will be Gene McCurley, agricultural field representative of the Medford branch of the First National bank of Portland. He has had broad experience in farm financing and credit work. He is also past adult farm instructor for veterans at Central Point and an ex-farmer. Working with him will be Bill Jess, Eagle Point rancher. Jess has advanced degrees in accounting from Stanford university and was formerly an accountant for Standard Oil, Etzel said.

Several guest speakers are scheduled also to speak on related subjects such as property tax, insurance, industrial accident reports, social security and federal and state income tax.

A course in farm welding will start the third week in January in the vocational agriculture shop. This will include both arc and gas welding. Instructor will be Ed Leaming, shop foreman for Steve Wilson's shops at Trail.

Enrollment will be limited to 15 students. Pre-registration is required. All equipment, rods, gas, and practice metal will be furnished, Etzel said.

If the course is not adequate to meet the community's needs a repeat of the first course will be given around the first of April, Etzel added.

Additional information may be obtained from Nat Etzel by calling Hillcrest 6-3071.

The courses were scheduled at the fall meeting of the Eagle Point vocational-agriculture advisory board held at Eagle Point agriculture building Thursday, Oct. 17.

Darrell Stanley, is board chairman. Other members present were John Ousterhout, Gordon Stanley, Bill Jess, Don Geren, and Nat Etzel, vocational agriculture instructor.

Guests included Gene McCurley, Ed Leaming, and Earle Jossy, county extension agent.

California Revokes Some Quarantines

Salem—California quarantines pertaining to pear psylla and onion yellow dwarf disease have been revoked, according to a memorandum received by the state department of agriculture today.

In past years, onion sets and bulbs entering California from the Pacific Northwest had to be accompanied by proof of their origin in a yellow dwarf-free area. Certification is no longer required.

All pear psylla fumigation restrictions on the entry into the state of bulk apples and pears to processing plants have been lifted. In the opinion of California plant officials, the quarantine was of little or no value in preventing further spread of this insect.

Barley Suggested For Turkeys Here

Oregon turkey growers, heavy users of out-of-state corn, can cash in on the state's increasing supply of locally-produced barley, according to a new circular of information published by the Oregon State college agricultural experiment station.

Barley in combination with corn will bring cheaper gains than all corn, according to the authors of the circular, W. G. Brown, agricultural economist, and J. A. Harper, poultry researcher.

The circular, "Replacing Corn with Barley," is available from county extension offices or the OSC bulletin clerk, Corvallis. Cost charts for various feeding methods show how to get the most value from barley at the lowest cost.

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Pears Show Lead During Inspection

Salem—Pears from the Medford area accounted for one-third of all Oregon-grown fresh fruits and vegetables inspected at shipping point centers during September, according to state department of agriculture statistics.

The number of cars inspected last month in the state was 33-912 which bettered August totals by over 350 cars.

Potatoes from the Ontario district filled 988 cars, and 255 carloads of onions were also inspected in that area.

The Milton-Freewater inspection service recorded small amounts of apples and potatoes shipped through the center last month. In addition to 306 carloads of pears, Hood River district officials inspected apples and brine cherries.

Commodities inspected at the Portland shipping point center included apples, pears, carrots, onions, onion sets, potatoes, filberts, and brine cherries. Salem reported dried blackberries, corn, onions, onion sets, potatoes, filberts and brine cherries.

Over 183 carloads of potatoes were shipped from the Redmond area. In addition to pears, Medford inspectors examined apples, pears, plums and potatoes.

Klamath Falls shipping point center reported over 259 cars of potatoes inspected, along with pears and onions.

STRIKE STOPS BALLET

Paris—A strike of electricians and technicians closed down the Paris Opera Wednesday night and forced the season's first ballet to be cancelled. The incident was the latest in a wave of strikes for higher wages which will be climaxed by a general strike on Friday.

Klamath County Rancher Named Grassman of Year

Portland—Dave Campbell, Klamath county rancher, was named today as Oregon "Grassman of the Year" for 1957 by the Portland Chamber of Commerce.

Campbell, who operates a ranch near Bly, was nominated by the Klamath county Chamber of Commerce.

Second place in a close contest went to Ezra Galloway, Tillamook dairyman.

Campbell will receive a \$300 cash award from the U.S. National Bank of Portland and becomes the Oregon entry in the regional contest. The Pacific Northwest "Grassman" will receive a \$750 cash award from R. M. Wade & Co., Portland irrigation equipment manufacturer.

\$200 For Second Place

Galloway, sponsored by the Tillamook Junior and Senior Chambers of Commerce, will receive a \$200 award from the bank.

Last year's state and regional winner was Hans Leuthold, Tillamook dairyman.

The Dave Campbell ranch near Bly has been a family operation since Campbell's father acquired it in 1920. Dave bought the 11,805 acre cattle spread in 1952. They transformed low-producing, often worthless, land into high yielding grasslands. The Campbell ranch now produced 1000 tons of hay annually, enough for 500 cows. The ranch now carries 400 Hereford cows.

Dead Line on Classified Ads: 5:30 p.m. for following day, except 10 a.m. for Monday; for Sunday, noon Saturday

Gordon Ashby Honored For Outstanding Work

Corvallis—Gordon P. Ashby of Medford, a senior at Oregon State college, has been honored for outstanding work in Army ROTC during the past three years by being selected as a "distinguished military student."

Distinguished military students have the opportunity to apply for regular Army commissions, rather than for the reserve commissions normally received by ROTC graduates. If accepted, they may upon graduation, enter the regular Army on the same basis as a West Point graduate.

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