Stock Market Joins Economy in Making Start of 'Golden Sixties' Into Dud

New York – (UPI) – The stock market joined the economy in making the start of the "Golden Sixties" a dud.

The downtrend in stock prices, which started obscurely during the summer of 1959, accelerated clearly in January, 1960, and hung over the list the rest of the year.

Prices reached an all-time peak in the second session of the year, but backed down steadily thereafter and never again came even close to that level.

The list moved irregularly lower through July and then the Federal Reserve Board decided to step into the picture to stimulate investor interest. The board cut the margin requirements from 90 per cent to 70 per cent on July 28. This meant that only 70 cents in cash had to be paid for every dollar of stock bought.

The market responded to board's action with a sharp rise on July 29, but that was all there was to it. Following a rather steady August performance, prices took another nosedive in September before leveling off in the fourth quarter.

Stage Set

Where do we go from here? Many of the experts agree that the stage now is set for a bull market, but a forward price seems unlikely to get underway until the downdrift in the general economy shows definite signs of leveling off.

The 1960 stock market was unique in that it favored both the bulls and bears at the same time. The emphasis was on the conservative and defensive groups, and a few of the super growth sections.

And because the economic-political, international and gold pictures still are foggy, and probably will remain so until well into the first half of 1961, the defensive groups most likely will be favored again.

November stock dealings proved that such a policy can be profitable. Twenty-one groups made new 1960 highs in the month. They were: foods, sugar beet refiners, dairy products, canned foods, confectionery, corn refiners, cigarettes, gold mining, office equipments, soft drinks, motion pictures, casualty insurance, finance companies, small loans, brewers, biscuit bakers, natural gas producers and distributors, publishing, specialty machinery and soaps.

In the same month, new lows for the year were made by autos, shipping, shoes, building materials, metal and glass containers, apparel chains and textile weavers.

Over the year, there were gains of 20 to 36 per cent in soaps, foods, office equipments and soft drinks, while losses of 25 per cent or more were registered by tires and rubbers, steels, metal fabricators, aluminums, coals and airlines.

One broker declared that with 1961 likely to be as unconventional a year as 1960, a decision also has to be made as to the industries that should be avoided. This could mean indifference to stocks such as the chemicals where there is little or no chance of a new earnings explosion. It may also mean indifference to many of 1960's "high flyers" where there is a great deal of catching up to be done.

Expenditures Double

And while expenditures for space exploration and development doubled this past year, and probably will mushroom over the next decade, the realization is growing that corporate benefits may not develop overnight, or include everyone.

Should a phase of better feeling with respect to the overall business outlook develop later, speculative attention probably would be focused on the more prosaic cyclical industries. Certainly, as one broker put it, the severe price deflation experienced by the market's problem children recognizes a great many uncertainties.

While the steel industry is operating under a new set of rules, the fact remains that the group always has been sensitive to new order trends, and orders may turn up sooner than is generally expected now. And while this has been the worst year for the appliance industry since World War II, its decline, too, now may be bottoming out.

In addition, cement shipments turned up in the fourth quarter, and highway construction almost certainly will improve in 1961. The copper companies could do surprisingly well if the 30-cent price holds.

It also was pointed out that industries and companies do emerge from their own private recessions. This was true in 1960 for the oil and movie business, and it may hold true in 1961 for the can companies.

Over the near term, however, speculative emphasis will most likely be on the companies and industries benefiting from today's environment – the revolutions in our living and spending habits. These include food, farm implement, natural gas, domestic oil, aircraft and publishing companies.

The nervousness hanging over the market in recent months undoubtedly will remain until the policies of President-elect John F. Kennedy emerge more clearly.

Just when in 1961 the bullish sectors of the company will begin to outweigh the bearish sectors and produce the next period of expansion is a big question mark. The consensus of economists is for no big upswing until the beginning of next summer. The course of business activity in the next few months will be determined chiefly by the extent to which inventory adjustments affect other categories of demand.

The nation's Gross National Product dipped to an annual rate of $503 billion in the third quarter from the record $505 billion in the second quarter, and slipped even further in the last quarter. But some circles expect an improvement to start again in the initial 1961 quarter.

Government spending is expected to rise enough in the next few months to offset any foreseeable decline in inventory buying.

Plant and equipment spending forecasts have been revised downward but steady demand for capital equipment and construction is at a fairly high level that should hold well in 1961.

Manufacturers' sales and earnings declined in the third quarter as profit margins dropped to the lowest level in two years, and there was little hope of an improvement in the final quarter.

Consumer expenditures dipped in the second half but should turn upward in response to rising incomes generated in other categories of expenditures. Meanwhile, Americans have been building up their savings accounts to where they now stand at more than $307 billion, a new high.

Autos Good

If initial sales of 1961 model automobiles are any criterion, the auto industry should have a good year in 1961. However, the steel industry, which has been operating at close to 50 per cent of capacity for six months, is not expected to see any improvement until the spring. And operations for the full year are predicted to run slightly below 1961.

Aluminum probably will operate at a level closer to capacity than steel, as it did in 1960, but it faces the prospects of a bigger drop from 1960 levels than does steel.

The railroad industry, of course, depends heavily upon the movements of the economy, but it also is counting on some favorable legislation from Washington, and a continued merger trend to clear the profits picture.

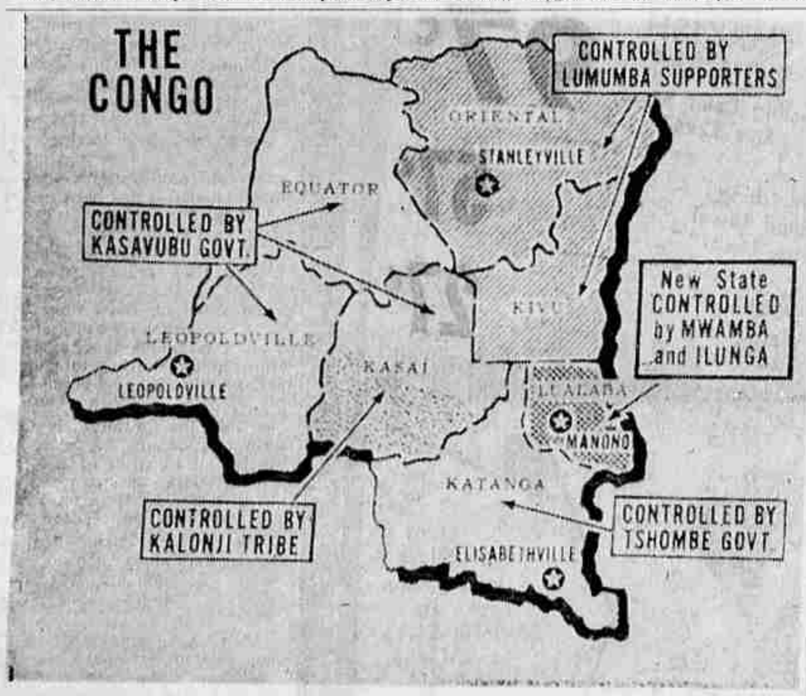
The giant construction industry, which suffered its first setback since World War II in 19360, looks for a comeback in 1961. Residential building, the 1960 culprit, is expected to lead the arrival.

Heavy Fog Causes Car to Hit Truck

A 44-year-old Central Point woman sustained apparently minor injuries Wednesday when a car she was operating struck the rear of a large tractor-trailer truck during heavy fog on Highway 99 just inside the north city limits of Medford.

The woman, Ferne Carrier Kellow, 2910 Sunnyvale rd., told Medford police she did not need to go to a hospital and was then taken from the scene of the accident by a friend. Police said she apparently received a bloody nose in the accident, which occurred about 7 a.m.

The Kellow vehicle sustained heavy damage to the front end, police said. The truck, operated by Paul Edwin Thomas, 35, San Jose, Calif., was not damaged. Police said the truck had just pulled onto the highway and was going only about five miles per hour at the time of the accident. No citations were issued, they said, since the vehicles had been moved prior to the time police were called.



NEW STATE—This map of the Congo shows the new independent state "Lualaba" which was formed Monday by followers of jailed Premier Patrice Lumumba. Informer sources said Remy Mwamba and Joseph Ilunga established the new state. The emerging new state followed the breakaway example set earlier by Tshombe's Katanga State. Albert Kalonji's Kasai mining state, and Atonie Gizenga's pro-Lumumba regime in Kivu and Oriental province. —(UPI Telephoto)

Douglas Fir Tree-Seedlings Now Available

More than two million small Douglas fir tree-seedlings, produced at the Oregon Forest Nursery just north of Corvallis, are now being sold to the public in unlimited quantities for planting on farm or forest land, according to Don Maus, assistant state forester, state forestry department.

The trees are two years old, with 3 to 5-inch tops, 8-inch roots and have good stem caliper. The trees are suitable for planting on all western Oregon sites up to 2,500 feet elevation.

The cost for this stock will be $7 per 1,000 F.O.B. nursery for orders of 10,000 trees and over with no limit per order. For orders less than 10,000 the charge will be $10 per 1,000 including shipping costs. The minimum acceptable order will be for 50 trees at $1. A further increase in quantity must be made in multiples of 50.

Dick Olson, state farm forester in this area, stated that order blanks may be obtained from The State Forestry office, Table Rock rd., Medford, county agent or soil conservation service. Those desiring this special stock of trees indicate on the blank "small Douglas fir" and use the above cost rates in figuring the sale price.

Some 17 other tree species are available from Oregon's two forest nurseries or the growing of various forest products on both woodland and regular forest areas.

Court Order Ends Eight-Year-Old Case

Portland – (UPI) – An order was entered in Federal Court Wednesday by U.S. District Judge William G. East awarding Fairview Farms, Inc., near Troutdale $300,000 damages, closing out an eight-year-old case.

Fairview Farms had brought suit against the Reynolds Metal company aluminum plant claiming damage to its dairy herd and decreased milk production because of noxious gas and other wastes which contaminated the farm's property. The farm had sought $1,350,000.

Judge East at the same time denied request for a permanent injunction against Reynolds to require the firm either to install electro static precipitators or curtail production.

[illegible] awarded covered the period from April, 1947 to [illegible]

The Family Council

Editor's Note: The Family Council consists of a judge, a psychiatrist, three clergymen, three editors and a women's editor. Each article is a summary of an actual case history. The Council reports on problems that have been dealt with by responsible agencies and counselors. (Copyright 1961—General Features Corp.)

Mrs. I. G.–Our aged mother should be helped to stay in her own home.

Mr. B. N. – I worry about her alone there. She should be in a home.

* * *

Mrs. I. G. – My brother and I differ about the best arrangement for our mother, who is 79 and living in her own apartment, with a full-time maid to help her run the place.

I know it would break her heart to be separated from her cozy, familiar surroundings. Every picture on the wall, every doily, every teacup has a special meaning to her and is as precious as an old friend. Nevertheless, Barney keeps urging her to break up her home and move to a residence center for the aged.

It's true that she's alone a great deal. I try to fill in when the maid is off, but with my own big house and family I can't always make it. Still I feel my brother should help us work out ways of keeping Mother at home instead of harping on the same old tune – the easy way out for us, but so hard on her.

* * *

Mr. B. N. – What Ida hasn't told you is that Mother is having a hard time getting the right maid. The turnover is tremendous. Either Mother doesn't like them or they don't like the job, including Mother.

In addition, our mother is extremely lonely. Most of her contemporaries have either moved away or passed along. There's hardly anyone around with whom she can discuss the old days. She spends her time reading, watching TV and going through boxes of old snapshots and letters.

I feel that in a Home she'd be sure of good care and there'd be plenty of companionship and diversion. She'd be less gloomy and irritable, and might snap out of her preoccupation with old mementoes.

* * *

The Council: "Keep them where they are, if possible," seems to be the consensus of opinion regarding the aged today. But this is based upon the assumption that the older person hasn't enough mental or emotional agility to adapt to change. Perhaps, as Mr. N. wishes, this mother can be moved without too much difficulty in adjusting. Should she? Must she?

The deciding factor is the mother's own ability to maintain a [illegible] with [illegible]. Evidently, either finances nor health problems are forcing a quick decision. But, looking to the future, and in view of this lady's present difficulties with housekeeping and loneliness, we side with Mr. N.

To remain at home indefinitely, this parent will require more time and patience from her two children than either can, or wishes (or perhaps can be expected) to grant. While she's ambulatory and well, she can take up the slack. If she's resourceful and imaginative, she can enjoy her solitude. But when she must turn more and more to her adult children to fill in the important blanks, both she and they must see the wisdom of enlisting community resources.

There are specially trained social workers now to help people like these three tote up the pros and cons of a change, and then the merits and demerits of each proposed relocation. Each year sees new housing havens for the elderly, and guidance in sorting them out can be a great boon.

True, as Mrs. G. emphasizes, her mother now has the luxury of privacy and freedom and the friendly surroundings of "old possessions." But, in exchange for giving up some of these, she can have the stimulation and peace of people around. She'll be able to share her talents, swap her yarns and pick up a few new ones.

And while she won't be beset with housekeeping problems, chances are that if she bakes a good cherry pie, they'll let her in any kitchen she feels like gracing.