

Dizzying Heights

Who's Pushing The Market Up?

By DONALD K. WHITE
Examiner Financial Editor

THE STOCK MARKET put on one of those splendid performances yesterday that bring a standing ovation from brokers and customers alike.

The volume of trading was huge and 811 of the 1,360 stocks traded on the New York exchange went up while only 359 went down. The 190 remaining issues stood still.

There's no doubt that investors of all kinds—from the big institutions and mutual funds to the little old lady who wanted to buy 10 shares of something—were getting into the market.

While the big buyers are usually given the credit for putting the stock market where it is today, there's a definite feeling that the smaller and medium-sized investors are just as responsible.

AMONG THOSE who believe the investing public (in contrast to the investing trust, mutual and pension funds) should get the credit, or the blame, for pushing the market up to dizzying heights is Dr. Kenneth Trefftz of the University of Southern California's Graduate School of Business Administration.

Doctor Trefftz couldn't have picked a better day than yesterday to present his thesis, which he did at a bank trust officers' meeting in Pasadena.

The three groups of investors who are giving the market its lift, said Doctor Trefftz, are the new and young investors, the mature investors and corporate officers who have fat stock positions.

These three groups have one thing in common: A growing, almost insatiable interest in buying common stocks in a market where the supply of stocks hasn't kept pace with the growing demand.

Doctor Trefftz cited some figures to show the increased interest in the market:

In 1952, one out of 16 adults owned a listed stock. In 1956 the ratio was one in 12. Today it is one in six. In the seven years the market has risen to a point where stocks in the leading averages, which sold in 1954 for 10 times per share earnings, now sell for more than 22 times earnings.

In addition to the factor of inflation, the bull market has been caused by too many people chasing too few stocks.

TRAKING HIS groups one by one, Doctor Trefftz analyzed what got them interested in the market.

The new and younger investor has seen the dollar depreciate at a fairly constant rate all of his life. He has seen the stock market double and watched bond values drop. His stock investments grew at a much more rapid rate than his regular cash savings. He is young and can afford low yield stocks that show he is young and can afford low yield stocks that show promise.

The mature investor, one of the more than 21 million people in the country over 60 years of age in 1955, was schooled for years in the philosophy of investing in Government bonds, life insurance and other conventional holdings. He suddenly awakened to the fact that, because of the rising cost of living, he needed something beyond fixed income securities to keep pace with inflation. He started buying common stocks.

The corporate officer, who formerly had only a small financial interest in the company he helped manage, now has stock options that can make him a relatively wealthy man if the stock in his company goes up. Seventy-five per cent of the listed companies have stock option plans for officers.

"If these corporate officers are to pursue their best personal advantage," said Doctor Trefftz, they will seek to have their companies do only those things which are likely to influence the market price of that stock in a favorable manner."

Business Dynamics World Rocket Job

WASHINGTON, Nov. 8.—(AP)—The Air Force announced today a \$35,400,000 contract award to General Dynamics Astronautics, San Diego, Calif., for production of booster rockets for "a number of classified programs." The work will be done at San Diego.

Presumably the contract relates to the Atlas liquid fuel rocket, which is produced by the corporation for weapons and for use in launching space vehicles.

Grain Futures Mixed CHICAGO, Nov. 8.—(UPI)—Soybeans, rye and nearby corn futures advanced today on the Chicago Board of Trade. Wheat fell back, while other deliveries closed mostly steady.



APPOINTED vice president, terminal and cargo operations at the American President Lines San Francisco headquarters yesterday was Paul J. Keeler. He was vice president for operations of John W. McGrath Corp. before forming his own consulting firm of Paul J. Keeler Associates. He resigned as president of that firm to join APL.

Oakland's Syndicate Building Sold

The ten-story Syndicate Building at 1440 Broadway in the heart of downtown Oakland was purchased yesterday by John Bolles, architect and Sam Sankovitch, roofing contractor both of San Francisco. The purchase price was in excess of \$1,000,000.

The property was sold by a San Francisco syndicate of real estate investor headed by Henry Trevor.

Coldwell Banker & Co. handled the transaction.

Credit Card Insurance

A credit card insurance program will be inaugurated by Tidewater Oil Co. in its western division, effective Nov. 15. The program will provide travel accident insurance through local insurance agents and brokers.

Beneficial Standard Life Insurance Co. of Los Angeles will offer the coverage that features a \$10,000 accidental death or dismemberment benefit (which becomes a double indemnity of \$20,000 should the accident occur on a weekend or holiday) and benefits to \$1,000 for medical expenses resulting from the accident.

The premium will be \$2.50 a month. It covers the insured in all types of travel conveyances, including driving and riding in autos and rental cars, in taxis, ships, private yachts in addition to scheduled and nonscheduled flights of commercial airlines.

Ampex Gets A New Veep

Ampex Corporation of Redwood City got a new vice president and treasurer yesterday. He is John P. Buchan, who has held the same title with Bell & Howell Co. in Chicago.

Buchan was selected by Ampex' new president, William E. Roberts, who left Bell & Howell in June to take over the top spot in Redwood City following a management shakeup in the Peninsula electronics firm.

Buchan succeeds Thomas L. Taggart as vice president and treasurer. Taggart left Ampex in early June, a week before Roberts moved in as president.

Lockheed Votes 30-Cent Dividend

Directors of Lockheed Aircraft Corp. has declared a dividend of 30 cents a share on capital stock payable Dec. 11 to stockholders of record Nov. 17. Lockheed paid a 30-cent quarter dividend Sept. 11.

San Francisco Examiner Business

THURSDAY, NOVEMBER 9, 1961

2 Largest Railroads To Merge

NEW YORK, Nov. 8.—(UPI)—The New York Central and the Pennsylvania railroads announced today they are resuming merger talks but a Pennsy official said discussions between the Nation's two biggest roads have "not progressed very far." Central president Alfred E. Perlman and Pennsylvania chairman James M. Symes said the railroads agreed to move quickly toward a consolidation and would file a merger application with the Interstate Commerce Commission (ICC) as soon as a satisfactory arrangement was worked out.

CONDITIONS WORSEN "The economic and competitive conditions which confronted the railroads when the initial merger studies originated four years ago have worsened appreciably," the rail executives said in a joint statement issued after board meetings here and in Philadelphia.

Pennsylvania vice president James W. Oram said in Philadelphia that the directors of the two roads were appraised only today of the resumption of merger discussions and that "this matter has not progressed very far."

\$3 1/2 BILLION ASSETS Consolidation of the Pennsy and the Central, the first and second largest railroads in the Nation, respectively, would create an eastern rail network with assets of \$3.5 billion and revenues of nearly \$2 billion annually.

Hughes Hit By Airline

WASHINGTON, Nov. 8.—(AP)—Eastern Air Lines asked today for the criminal prosecution of industrialist Howard R. Hughes on an accusation that he illegally acquired control of Northeast Airlines.

Eastern urged the Civil Aeronautics Board (CAB) to refer the case to the U. S. District Attorney.

Eastern also asked that Hughes Tool Co. be ordered at once to desist from what Eastern called an unlawful relationship with Northeast. The airline said the CAB should conduct an investigation, and that Hughes should be ordered to appear in person "to develop hidden facts."

National Airlines asked CAB to disapprove the joint request of Northeast and Hughes, filed Oct. 31, seeking permission for Northeast to receive from Hughes Tool Co. funds which Northeast said were "urgently and immediately needed."

E. C. Arbuckle on Pillsbury Board

Ernest C. Arbuckle, dean of the Graduate School of Business of Stanford University, was elected a director of the Pillsbury Co., Minneapolis producer of flour and foodstuffs.

Wilderness Areas Opposed

The Pacific Logging Convention, ending a three-day convention here yesterday, said it opposed a Federal plan to establish wilderness areas because the plan "violates sound principles of public land management."

Lady Director Joan Is 53, Pepsi Is 59 1/4

Joan Crawford is one of the very few directors of a large corporation who can hold a morning press conference in an aura of expensive perfume instead of cigar smoke and get away with it.

She did just that yesterday at the Fairmont Hotel as the press gathered around to hear her expound on the future of Pepsi-Cola Co.

"In a word," she said, "it will be sensational." Miss Crawford went on the Pepsi-Cola board 30 months ago when her late husband, board chairman Alfred N. Steele, died.

Now she spends much of her time running around the world helping to open bottling plants for the company.

Miss Crawford is here with the company's president, Herbert L. Barnett, for a meeting of the Pepsi-Cola Bottlers Association.

While they were conferring with the press and the bottlers the company's stock joined in the big stock market rise. Pepsi-Cola jumped 2 1/4 and closed at 59 1/4. Miss Crawford declined to say how many shares she owns.

At her press conference, Miss Crawford was asked her age by an ungentle reporter.

"The director's famed eyes opened just a trifle wider. 'Why, I'm 53,' she said. 'After being around all this time it wouldn't do any good to try to lie about it.'"



JOAN CRAWFORD ... "a very good line"

Between delicate sips of her favorite soft drink, she said she enjoys keeping busy in television, films and business.

"Inactivity is an indignity," she said.

Miss Crawford's generous mouth broke into a grin.

"Say, I'm glad I said that," she said. "I think that's a very good line."

Communications Satellite Plan Hit

WASHINGTON, Nov. 8.—(AP)—A communications industry proposal for sending aloft the world's first communications satellite system was described by an antitrust official today as short of standards set by President Kennedy.

Lee Loewinger, Justice Dept. antitrust chief, gave his views in testimony before the Senate Small Business Subcommittee on monopoly investigations.

Both Loewinger and Dr. E. C. Welsh, executive secretary of the National Aeronautics and Space Council, said, however, that the Administration is not yet ready to spell out a counterproposal or suggest modification of the industry plan.

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Stocks in Sweeping Rise Mart Broadest In History

NEW YORK, Nov. 8.—(AP)—General Motors starred as the stock market made an impressive rally today. It was the broadest market in history. Volume swelled to 6.09 million shares from 4.34 million Monday and was the largest since April 4 when 7.03 million shares changed hands.

As the public and institutional investors flocked back into the stock market, the number of issues traded rose to a record 1,360, topping the previous peak of 1,334 established April 3. Of the total, 811 advanced and 359 declined. New highs for the year totaled 116 and new lows 11.

Among the new highs was \$54, for GM, the day's most active stock as it kept a net gain of \$3.50, closing at \$53.87 1/2 on 127,000 shares. Wall Streeters credited GM for the market's exceptional performance. When the biggest industrial firm of them all declared a 50-cent extra dividend late Monday it was a beacon light of confidence for the economy and the financial community—and it meant extra cash for the holders of GM's 283 million shares of stock.

"What's good for General Motors is good for the stock market," said one veteran observer.

FINAL SPARK An estimated \$3 billion was added to the quoted value of stocks listed on the New York Exchange.

GM's dividend action and market behavior—foreshadowed yesterday by its strong performance in out-of-town exchanges while the Big Board remained closed for election day—was actually the final spark for a turnabout which began in the market late last week when the Chrysler labor difficulties were settled.

The Dow Jones industrial average advanced 9.14 points to 723.74 for its biggest gain since last April 25 when it added 10.43 points.

STEELS RALLY GM inspired other motors. Steels limbed aboard the bandwagon late in the day. Aircrafts and airlines tended to back away and there were soft spots among chemicals and elsewhere but, on the whole, it was a sweeping upturn.

"We are to prosper, if we are to earn the foreign exchange we must have" to pay for imports, Dillon said, "we must sell our industrial products in Europe. Today to consider Britain's application for membership."

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