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THE FINANCIAL WEEK

Stocks and Bonds Decline, on Somewhat Larger Transactions—Grain Prices Again Irregular

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During the first half of the week financial markets declined with some rapidity. Transactions in stocks were larger. As against the week before, in which business on no day exceeded a million shares, dealings on Monday and Wednesday exceeded that figure, going on Wednesday to 1,340,000 shares. Around the week-end some recovery occurred; but it was timid, and occurred on the basis of diminished business. Even the bond market lost ground for a time last week, but not as rapidly as stocks. Indeed, the bond and stock markets have largely moved on different lines.

Average price of stocks in mid-week had lost slightly over 3 points from the previous week's closing. Compared with the best price on March 6 (which, except on one day in September, 1939, was highest since this war began), the decline nearly reached 5 points.

No doubt this weakness resulted largely from reaction after the 9-point advance from the low average at the end of January, where, by victories of our armies in the Rhineland and the Pacific were reflected. But it was quite inevitable that whereas in February and the first week of March attention of the Stock Exchange was entirely converged on military bulletins, the reaction in prices, since the middle of March, should also bring into view again the question of post-war uncertainties.

Some influences, which were disastrous in the aftermath of the other European war, will not this time be present. Of these the American railroad situation is one. Some are being canvassed now, and measurably prepared for. It is possible enough that some other economic pitfalls of the period, from 1919 to 1920 inclusive, will this time be avoided. Still, like every sequel to a great and costly war, others will arise.

Labor union dictation of politics may make some trouble. There will be the usual after-war disagreement among the Allies on general policies. Possibly there will not arise, as in 1919, the series of Communist despotisms; but there will be unsettlement, as there is already in France, Greece, Poland and Finland.

In this country, sharp difference of opinion has already developed regarding the finance proposals of Bretton Woods. More recently, such disputed considerations as the arbitrary "60,000,000 employment jobs" and the "annual wage plan" have forced themselves into animated discussion—not less because these ideas, like the Bretton Woods international currency fund, appeared to have official sponsorship. We are now only a month from the San Francisco conference, where many of these divergencies of judgment will presumably be aired. Last week arose the question, already more or less discussed in Congress, of the shortage of certain foodstuffs in this country, and discussion as to how much we can send abroad.

These differences occur after every war. Behind them, this time, will come such troublesome matters as the punishment of persons guilty, in the case of Germany and Japan, of atrocities against conquered countries and rebellious citizens in the homeland. But the paramount question, after all, will be that the war is over, that we and our Allies have won it, that we have been abundantly able to finance it, that the warnings of bitter experience, regarding the mischievous policies of the victors after 1918 and the break-down (largely through our own fault) of the League of Nations, will not recur.

The country's steel output increased last week from 94.5 per cent of capacity to 96.9. The Steel

Institute notes that this is the highest up to date in 1945, and ascribes it to the waning of the Ohio floods. Actual output for the week was estimated at 1,774,900 net tons, against 1,730,900 the week preceding. Low output for 1945 to date, in January, 1,610,800; maximum output, one week in last April, 1,791,300. In the corresponding week one year ago it was 1,777,000; two years ago, 1,716,100.

Federal Reserve system's ratio made a better showing. There was a small increase in cash reserves, along with decrease of \$33,811,000 in circulation and \$85,242,000 in deposits, increasing the system's ratio from 48.2 per cent to 48.3.

Although farm products and foodstuffs were slightly higher, Labor Bureau's average of commodity prices, week before last, was unchanged at 105.1 of the 1926 average.