A. G. Becker & Co.

INVESTMENT BULLETIN

FIRST QUARTER, 1930

The Business Outlook for 1930

THE outlook for business is a subject of more than ordinary interest at this time. The country has just passed through a trying experience. It is natural to inquire what effect, if any, the happenings in the stock market will have on the business of the country.

The experience of business during the last eight years may be of value in arriving at some answer to the question. There have been two business recessions in that period. The first came in 1924 and carried industrial production as reported by the Federal Reserve Board down about 18%. The second came in the latter half of 1927 and amounted to a fall of about 12%. Both were considered serious at the time, particularly the earlier one. The Commercial & Financial Chronicle in June 1924 had this to say of the state of trade: "Nearly all the leading industries of the country are in a state of utmost depression. The complete collapse in business, which has occurred since the beginning of March, ranks as the most pronounced in trade annals." And yet the decline in corporate profits in 1924 over the preceding year, according to the Treasury's Statistics of Income, was less than 12%. In 1927, it was approximately 9%. The most significant fact was that in both years dividends paid exceeded the distribution in the previous year. And in neither year was it necessary for the corporations as a whole to dip into surplus to make these payments. These facts attest the essential stability of American business.

There is general agreement that a decline in business approaching that of 1920-21 is not within the range of probability. None of the conditions responsible for that depression are in evidence now. It is generally felt that the maximum decline would be somewhere between that of 1924 and 1927. Such a decline would still leave total profits well above the dividend disbursements of 1929, thus making it possible for corporations to pay the same dividends as in 1929 without impairing surplus, if they chose to do so.

The Psychological Factor

It may be said that perhaps the most unfavorable factor in the situation is a psychological one. General confidence in the stability of business has been shaken by the market crash. Disturbances of this sort are associated in the public mind with general business depression and hard times. Despite the example of 1924 and 1927 when business recessions of a severe character failed to disturb the steady flow of dividends, some people have taken a pessimistic view of the situation. Were this feeling to lead, on the one hand, to harsh retrenchment measures on the part of business or, on the other, to sharply curtailed buying by the public, the consequences might prove serious.

That the latter condition has not, thus far, developed seems fairly well established by reports of mail order business and Christmas trade. Steps to anticipate the alternative danger were promptly taken by business leaders throughout the country, even while the stock market panic was still in progress. They sensibly directed attention to the fact that the country's business and banking structure had not been harmed. President Hoover's conferences further focused attention on this fact. It has been a test between the psychology of optimism and the psychology of pessimism, and the former seems at least to have held its own.

In a survey of specific industries the one which stands out as well below normal is the building industry. A large number of men in the building trades, one of the most highly paid groups of skilled workers in the country, are out of work. Unemployment has been extensive during most of the year. The depression extends to the lumber, cement and other building supply fields. Substantial improvement in the immediate future can hardly be predicted, although there is not an utter absence of hopeful signs. For one thing, the improvement in credit conditions should facilitate the financing of new construction, and thereby afford some stimulus. For another, the large expansion programs, announced by business leaders who participated in the Hoover conferences, may well involve some advantage to the building industry.

Most Factors Are Encouraging

Most of the factors bearing on the probable course of business in 1930, however, appear favorable. Some of them are outlined below.

1. Credit is easier. As will be seen by the chart which appears on another page of this Bulletin, interest rates declined quickly and very materially following the readjustment in the stock market. Competent opinion inclines to the belief that money will continue easy at least during the first part of 1930. With the seasonal speeding up of production in the early spring, rates may firm, but it seems probable that they will remain well under the high levels of 1929. Money should be available for business, therefore, on somewhat better terms than in 1929.

2. Brokers' loans are down. With the decline in security prices, brokers' loans dropped to less than half the maximum figure they had reached during the year. This reduction meant the withdrawal of more than three billion dollars from the speculative market. Presumably a large part of it will be available to business.

Financial Structure Sound

3. The country's banking and financial structure is sound. Federal Reserve resources have been practically untouched by the adjustments incident to the drastic revision of stock values. Considerable quantities of gold have been exported in the last few weeks, but not in amount sufficient to weaken the country's position as the principal holder of the metal. The exports of gold are largely in the process of a natural adjustment: Foreign capital which had been sent into the country to take advantage of the speculative opportunities and high interest rates of the stock market were withdrawn when those opportunities vanished; the resulting change in international balances has simply been settled in gold.

4. Taxes have been reduced. The reduction recommended by the President and voted by congress immediately after the opening of the present session was relatively small but it reflected the administration's purpose to lend aid according to its ability in the task of maintaining prosperity.

5. Large programs of physical expansion during 1930 have been promised by the country's major industries. Announcements to this effect made by industrial leaders who participated in President Hoover's series of business conferences indicate that the men best qualified to read conditions expect their industries to carry on regardless of the stock market.

6. Industry at large is in the strongest position in history. Several years of very great prosperity have made possible the laying up of

enormous corporate surpluses. Current dividend and interest payments could safely be maintained through 1930 even though profits declined heavily—a contingency not anticipated. Aggregate dividends of American corporations have increased each year for the last eight, despite decided business recessions in 1924 and 1927.

Inventories and Commodity Prices

7. The modern practice of carrying small inventories finds business well prepared to meet any change in commodity prices that may develop. Some lowering of commodity prices is regarded as probable in the next few months, although it is not expected to exceed 5% on non-agricultural commodities. The staggering effect of the readjustments of 1920 and 1921 was due both to the immense inventories which were carried at that period, and to the very heavy write-offs. Conditions prevailing at that time do not begin to be paralleled by those today.

8. While employment is currently somewhat below normal, unemployment is not a major problem. In the opinion of some economists, employment will remain below normal during the early part of 1930, but will recover as the year advances. Wages are being well maintained, and it is believed that they will continue during 1930 close to present levels. Col. Leonard Ayres predicts that the wage level will not change 3 percent during 1930. Buying power depends directly on earning power; employers who take a broad view of their interests may be counted on for sincere efforts to keep both employment and wages up to normal.

9. Automobile manufacturers are laying plans for a good year. Production for 1930, while expected to be less than the record breaking figures of 1929, is estimated at a total around the 1928 production of 4,600,000 units. In arriving at this figure the replacement market is counted on to absorb 2,500,000 to 3,000,000 cars, the export market more than 1,000,000.

10. Mail order business, which affords a fair index to the general buying temper, has continued good following the break in security prices. The larger houses reported very substantial increases in November as compared with November a year ago. Christmas trade in the large department stores—a better reflection of urban buying power than figures of the mail order houses—was reported good. While authoritative reports of general scope were not available as this was written, statements had been given out by the management of some of the larger individual stores a few days before Christmas to the effect that trade was in excess of last year.

11. Prospects for farm income are fully as good for 1930 as for 1929. The realization of such prospects depends largely, of course, upon crop developments; actual forecasts, therefore, cannot be attempted so far in advance. The efforts of the new farm board in behalf of agricultural industry are believed, however, to have been of good psychological effect, and they should later have a practical bearing on some of agriculture's difficulties.

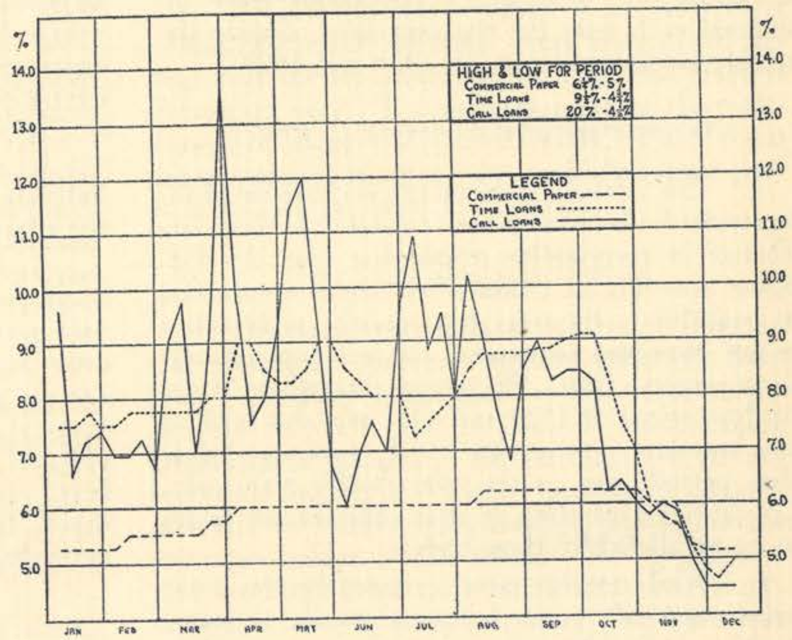
Good Reason for Optimism

The foregoing paragraphs do not, of course, attempt to marshall all the evidence that might be obtained in favor of continuing good business, but they set forth some of the more significant. It will undoubtedly appear to most persons who study the situation with due regard to all elements involved, and without giving to fluctuations in security prices an importance beyond what they deserve, that general business conditions are not far below the average level of business activity of the last few years.

The influence of the security market should not, of course, be under-rated. Violent changes in the value of investments held by the public will necessarily react in some degree upon business at large. But the value of these holdings is determined, in the long run, by the condition of the business concerns they represent rather than vice versa. If business is sound and consistently profitable, its securities over a period, will inevitably reflect that fact.

Interest Trends and the Bond Situation

INTEREST RATES - 1929
WEEKLY AVERAGES - NEW YORK

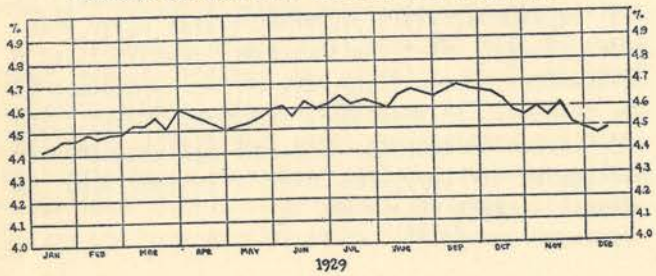


THE chart at the right illustrates graphically the trend in interest rates during the first eleven and a half months of 1929. The other charts shown indicate how changes in the rental price of money during the year affected the yield of various groups of bonds—high grade domestic issues, South American governments, and German bonds of varying classifications. The yield curves follow, of course, the general movement of the interest curves—at different levels of the interest table, according to the investment position of the particular groups under consideration.

It is of interest to note the small change in yield in high grade bonds and commercial paper as compared with the rapidly shifting course of rates for stock market loans, or even as compared with the two groups of foreign issues charted. This stability of good bonds is both a cause and an effect of their popularity with conservative investors.

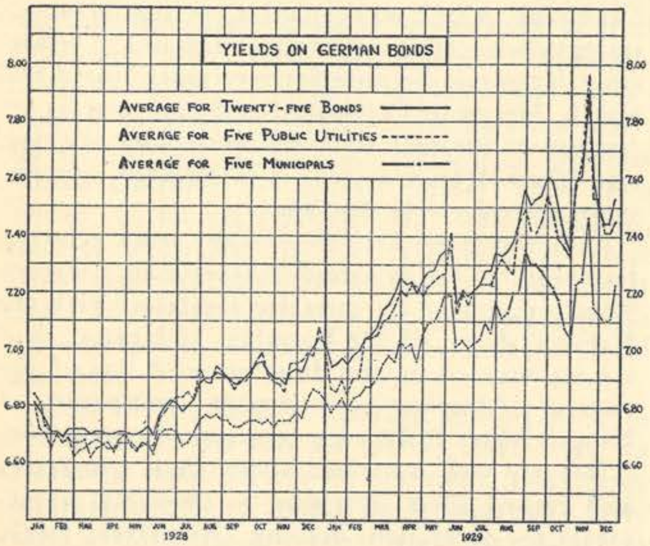
The fact of most immediate significance to be noted on the interest chart is the sharp drop in rates following the break in stocks. Sustained low rates encourage borrowing by business organizations, and normally serve to stimulate the bond market. Economists are generally of the opinion that money will continue on a relatively easy basis through at least the early part of 1930, and that bonds will be more active during that period than they have been for some time past.

AVERAGE YIELD OF A GROUP OF HIGH GRADE BONDS
TRADED ON THE NEW YORK STOCK EXCHANGE

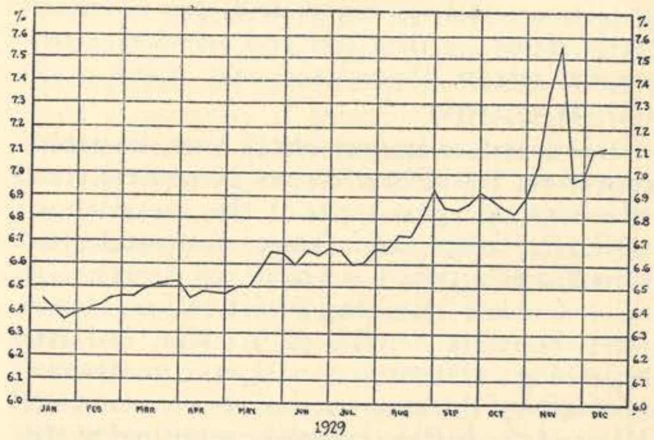


Some improvement in the bond situation had, in fact, begun to be noticeable before the collapse of the stock market. Although the rising trend was interrupted by forced liquidation on the part of bond holders seeking to protect their stock accounts, this represented an emergency condition which will hardly give permanent check to strong influences operating in the other direction. Among these influences, aside from the development of easier credit, may be noted the need to find investment for the billion dollars and more of interest and dividend payments disbursed around the first of the year; diversion of funds from the stock market to the bond market; and the greatly reduced floating supply of bonds.

To what extent the supply of bonds has declined may be judged by a glance at the record of offerings. November offerings of bonds amounted to around 170 million dollars, as against some 515 million for November of last year. For the first eleven months of this year bond offerings were, in round figures, four billion and a quarter dollars as against nearly 6 billion in the corresponding period of 1928.



AVERAGE YIELD OF A GROUP OF SOUTH AMERICAN GOVERNMENT BONDS



It is very generally felt that bond prices will move upward. This rise has as yet occurred in only a small way. High grade domestic issues may still be obtained to yield unusually satisfactory returns. Other issues which meet all reasonable requirements of safety may be had to yield up to 7 or even 8 percent, as indicated by the South American and German bond charts. The situation seems very favorable to investors.

A Current View of Investment Companies

IN the trying period through which the stock market has recently passed, a great deal of attention has been directed to the investment companies. These companies, few of which are more than several years old, had at that time their first exposure to adverse market conditions. The fact that they were hitherto untested and that their holdings were assumed (rightly or wrongly) to consist largely of stocks severely affected by the break in prices, undoubtedly contributed, along with the psychology of the moment, to the market decline of their own securities.

Just as certain investors, in past months, were over-sanguine regarding the prospects of these companies, so, now, many individuals have gone to the other extreme and have become unduly pessimistic. As a matter of fact, the perspective on these companies has not changed because of current market happenings. The principles on which a well designed investment company is organized are as valid now as before. Diversification, large scale operations, superior technical facilities, wide scope of activity, able management — these advantages are permanently important.

What actual result the investment companies sustained from the decline in prices will be better known after publication of the 1929 earnings. It is reasonable to assume, of course, that securities held at the beginning of the break will have shown, in general, a market decline. But actual income from these holdings has not, in all likelihood, been adversely affected. Moreover, it may well appear that companies which were carrying cash assets at the time of the break were able, at the low market levels resulting, to acquire investments which will give an exceptional return on their cost and on which a substantial market appreciation may occur in the months to come.

It will not be amiss to recall here the experience of the British and Scottish investment trusts which are the prototypes of the American investment companies. These companies were launched at a time not unlike the present — in the aftermath of a long period of speculation, when investors, bewildered by what had been happening, welcomed the expert management afforded by shares in an investment company. Many of the British companies organized at that period are still in existence sixty years later. They have gone through repeated cycles of depression and prosperity, and, under prudent management, have fully justified anticipations as a long-run investment. And it is, of course, only on a long-run basis that they are properly to be considered.

A. G. Becker & Co., has been identified in recent years with the organization and financing of a number of investment companies. These include companies organized to deal in securities generally, and others of a more specialized character.

The former include National Securities Investment Company, and Domestic & Foreign Investors Corporation.

Among the latter are The Lawbeck Corporation, which handles short-term real estate and construction financing; Metropolitan Industries Company, which was organized primarily to acquire substantial or controlling interests in promising American business corporations; North and South American Corporation, giving special attention to the field of South American equities; and Manhattan-Dearborn Corporation, specializing in real estate equities.

In addition we underwrote the stock offering last year of the National Republic Investment Trust, organized by interests identified with the National Bank of the Republic (Chicago), and are represented on the directorate of one of the pioneer American investment companies — United States & Foreign Securities Corporation.

We are well informed about these companies and regard their securities as desirable investments for permanent holding. At current levels, they are unusually attractive.

Group Banking in the Northwest

DISCUSSING the group banking movement, the Hon. J. W. Pole, comptroller of currency of the United States, recently declared that "In the absence of government permission for branch banking in its true sense, present developments indicate that group banking, under the force of economic law, may eventually displace the present system of country banks."

Evidence that economic pressure in this direction is strong is seen in the already extensive development of chain banking. There are today approximately 275 of these chains in the United States. They control more than 1800 individual banks with combined resources exceeding 13 billion dollars. The advantages claimed for them are important — to the community, to the bank, and to the shareholder. Some of the more outstanding are as follows:

1. Smaller communities acquire banking facilities comparable to those of the largest cities. This means both an expansion of ordinary commercial banking service, and the addition of other important services—notably trust and investment departments — which are normally available, under expert management, only in very large institutions.

2. The best managerial ability to be obtained becomes available to even the smallest bank in the chain.

3. Smaller units in the group gain the prestige of the larger ones.

4. Metropolitan banks in the group gain

more advantageous relations with country banks.

5. Operating expenses are reduced.

6. Stock in a large holding company enjoys a readier and more stable market than stock in an individual bank, especially a small bank.

The chief objection lodged against chain banking has been that it removes banking control from the individual communities. This objection, assuming it to be well founded, applies chiefly to branch banking. It scarcely holds good with group banking in which the unit banks continue to operate under their own names, to be manned by their own personnel, and to be guided, for the most part, by their own boards of directors. In this case the advantages of group operation are preserved, while the institution remains fully identified with local interests.

One of the largest banking groups now in operation in the United States, and, from its economic position, one of the most interesting, is Northwest Bancorporation. In this group there were, in December, more than eighty banks in some seventy communities.

Serving a Vast Region

The territory served by the company takes in the vast region extending from western Wisconsin to the Pacific Coast, and from Iowa and Nebraska to the Canadian border. It includes all the Ninth Federal Reserve district, and portions of the Seventh, Tenth and Twelfth districts. It is a region especially well adapted to group banking. Practically the whole of the territory, with its diversified agricultural and commercial interests, looks to Minneapolis as business and financial headquarters. There are relatively few large cities but a great many towns at long distances from one another, each serving a large district, and filling a much more important business role than towns of similar size in more crowded areas. The country banks throughout this section are in position to be greatly benefited by alliance with a strong metropolitan institution.

Great initial strength has been given the Northwest Bancorporation group by the policy of acquiring, in most cases, the leading bank in each community it enters. The Northwestern National Bank of Minneapolis, the head institution of the group, and the affiliated Bancorporation institutions in Minneapolis, constitute the largest banking organization in the Twin Cities. The First and American National Bank is the largest in Duluth. The United States National Bank of Omaha is the oldest and one of the largest in Nebraska. The Iowa-Des Moines National Bank and Trust Company is the largest in Iowa. The First National Bank and Trust Company of Fargo is the largest in North Dakota. The Security National Bank of Sioux Falls is the largest in South Dakota.

Resources Approach Half Billion

Combined resources of the group are approximately \$474,000,000. This amounts to more than 9 per cent of the total banking strength of the states in which the company operates, according to figures shown by the bank call of October 4. In Minnesota, where development is furthest advanced, the company's banks control more than 22% of the total banking resources of the state.

Authorized capital of Northwest Bancorporation consists of 6,000,000 shares of common stock of \$50 par value a share. Something less than one fourth of this was outstanding on November 1. Stock is listed on the Chicago Stock Exchange and the Minneapolis-St. Paul Stock Exchange. There is no preferred stock and no funded debt.

Common stock of the company is on a \$1.80 a share annual dividend basis. Earnings for 1929 (with the last two months estimated) are placed at \$4.40 a share on the stock outstanding November 1. While these earnings are substantial they do not to any appreciable degree reflect the benefits of group operation, for the affiliation has only been effected this year. These benefits should prove of very great importance, however, over a period of years.

A Year of Notable Growth

THE most important expansion program in the company's history has been carried out by Monsanto Chemical Works during 1929. By a series of major acquisitions and improvements the company has nearly doubled the number of its products, very greatly increased its volume, and established itself more firmly than ever before as the leading American producer of fine and medicinal chemicals, and as one of the important manufacturers of industrial chemicals. Earnings have kept pace with physical growth. The company enters 1930 in excellent financial condition, with greatly enlarged productive capacity, and with more diversified trade outlets than in any previous year.

New Units Added in 1929

Acquisitions by the company during the year have been as follows:

Merrimac Chemical Company; the oldest and largest in New England.

Rubber Service Laboratories of Akron, Ohio.

Elko Chemical Company, a subsidiary of Rubber Service Laboratories.

Commonwealth Division of Mathieson Alkali Works.

British Saccharine Manufacturing Company (acquired by Monsanto's British subsidiary, Graesser-Monsanto).

The Sunderland (Durham) Tar Distilling Works of Brotherton & Company (also a British concern acquired by Graesser-Monsanto).

In connection with these acquisitions it should be recalled that late in 1928, the company acquired the 50 per cent interest not already owned in Graesser-Monsanto, the British Company.

Merrimac Chemical Company (acquired in October) is one of the oldest representatives of the industry in the United States. It was founded in 1853. Large plants at Woburn and Everett, Mass., employ a personnel of around 800. In acquiring this company, Monsanto has strongly entrenched itself in the New England field, and has substantially improved its facilities for manufacturing and distributing a number of the more important heavy chemicals.

Rubber Service Laboratories and its subsidiary, Elko Chemical Company, are leading factors in an important new field of rubber chemicals. They manufacture accelerators and anti-oxidants, used to lengthen the life of rubber products. Chemicals of this type have made it possible to increase the life of automobile tires, for example, from around 5,000 miles to more than 15,000 miles. With these companies was acquired a well equipped plant at Nitro, West Virginia. These acquisitions firmly establish Monsanto in a new field of very great possibilities, and materially broaden its already wide manufacturing base.

Commonwealth Division was the fine chemical end of Mathieson Alkali Works. Its plant at Newark, N. Y., has been the largest manufacturer in America of benzoic acid and sodium benzoate, and a leading producer of other benzoate products. It adds important diversification to Monsanto's products and outlets.

The British Saccharine Manufacturing Company, and the Sunderland Tar Distilling Works were acquired to round out the service of the English subsidiary. This company does a large business both in the British Isles and on the continent of Europe. Monsanto is said to be the only American chemical company to carry on major manufacturing operations abroad.

Research Plays Important Part

Monsanto has always placed great emphasis on research. The chemical industry is essentially creative, and the company devotes large sums annually to the work of staff experts engaged in developing new products, in improving old ones, and in bettering processes. The stress laid upon this phase of operations offers the best assurance that technically the company will keep fully abreast of or in advance of the industry as a whole. The substantial annual expenditures for this purpose are charged against operations for the year and not added to the capital account.

The latest consolidated balance sheet of Monsanto Chemical Works, dated September 30, 1929, discloses the company's sound financial condition. Current assets were $7,322,493, of which cash, call loans and marketable securities totaled $2,035,691, against current liabilities of $1,523,471. Net tangible assets after deduction of all liabilities and heavy reserves, were $11,986,976.

The business has consistently operated at a profit. In every one of the last twenty years, excepting only the depression year of 1921, a net profit has been added to surplus after all charges. Earnings have increased rapidly in the last few years. In 1928 consolidated earnings amounted to $1,460,835. For the first nine months of this year they were $1,381,481. Stockholders have received a liberal return through cash and stock disbursements and rights. Dividends are currently being paid at the rate of 6 per cent in stock and $1.25 a share in cash.

A. G. Becker & Co. has been closely identified with Monsanto and is represented on its directorate. We regard the company's stock, which is listed on the New York Stock Exchange, as a common stock investment of high character.

Germany in 1929

An important key to Germany's ability to meet her obligations and to continue her rapid economic recovery is generally held to lie in foreign trade. It is interesting to note, therefore, that German commerce is this year developing a substantial balance in her favor.

Last year Germany had an adverse trade balance of approximately two billion marks. With returns for ten months of the current year at hand, it is now estimated that figures for the full year will reflect an export surplus sufficient to offset the unfavorable balance of 1928. October carried forward a series of three consecutive months in which a favorable balance had been shown. Trade compilations made recently showed that Germany, over a six-month period, was leading Great Britain in export trade.

The extension of German trade this year has been in part accounted for, of course, by the aggressive salesmanship of German representatives abroad. Even more important, perhaps, have been the efforts of German technicians at home to reorganize processes and industries, to develop new products and new economies, and, in general, to improve the efficiency of the nation's business machine. Special conditions have undoubtedly played a part, also, among them the unusually heavy exports to America over a period of months — presumably caused by the efforts of American importers to anticipate the tariff increases which it was thought would be put in effect at the special session of congress.

While foreign trade has been pushed up, dependence on foreign capital has been cut down. Foreign borrowings for 1928 amounted to around a billion and a half marks. For the first ten months of this year they amounted to approximately 600 million marks only. It thus appears that, despite the economic difficulties with which the nation has been confronted during the year, Germany has in 1929 achieved financial independence for the first time since the war.

German developments center at present, of course, about the Young Plan for readjustment of reparations payments. It is now expected that the Plan will be ratified by the contracting powers and placed in effect early in the current year. Under its provisions Germany's annual reparations payments are sharply reduced, the cut being substantially equal to the interest on foreign borrowings of the post-war period. The reparations settlement not only affords direct financial relief to German business but disposes of a source of friction which for the last decade has contributed to the unsettlement of Germany and of western Europe generally.

Corollary to the adjustment of the reparations payments is the arrangement for the withdrawal of allied troops from German soil. The retirement of these armies has already been carried out in part. It is expected to be complete by the middle of 1930, when the last of the French troops are to withdraw behind their own frontiers. This is a development of the most profound psychological importance. It cures a condition which has been a perpetual offense to the German national pride, and which has seriously hindered the full restoration of amicable relations with Germany's neighbors on the west.

Examples of German Financing

The German situation has been closely followed by A. G. Becker & Co. for a number of years. We have felt great faith in German business, and have had members of our organization constantly on the ground to report the facts about business conditions there in general, as well as about special situations in which we were interested. From the German issues with which we have been closely identified, we list below a few, all of our own underwriting:

Free State of Anhalt, 7% External Loan of 1926.

German Building and Land Bank, 6½% Mortgage Secured Collateral Gold Bond.

Koholyt Corporation, 6½% First Mortgage Gold Bonds.

Mannheim & Palatinate Electric Companies, 7% Mortgage Gold Bonds.

Unterelbe Power & Light Company, 6% Mortgage Gold Bonds, and 6% Two-Year Notes.

The Free State of Anhalt, situated in central Germany, is a political entity approximately 1,000 years old. State owned properties (mostly income producing) were appraised in 1924 at more than $78,000,000, against total external and internal indebtedness, including the loan we underwrote in 1926, of less than $3,500,000 plus mortgages against certain properties amounting to $2,250,000.

The German Mortgage and Land Bank operates under government auspices, supplying funds to advance the nation's housing program. The Gold Bond which we underwrote is secured by conservative mortgage collateral.

Koholyt Corporation, one of the largest chemical pulp producers in central Europe, has properties appraised at almost three times the funded debt, and has been earning several times its interest requirements. We understand that it already holds contracts for the sale, at favorable prices, of practically its entire production in 1930 and 1931.

Mannheim and Palatinate Electric companies supply electric current to a population of more than 1,000,000. Wholesale contracts, extending beyond the life of the bonds described above, assure earnings sufficient to cover all charges, including interest and depreciation, and to meet fixed dividends upon outstanding capital stock.

Unterelbe Power & Light Company provides gas, light and water service under exclusive franchise to a populous urban area immediately adjacent to the port of Hamburg. The company reports average earnings over a period equal to five times interest requirements of its funded debt.

At current levels these issues yield variously from 7.10 per cent to 8.10 per cent. In our opinion their high investment character makes them unusually attractive at such figures.

January Investment Recommendations

Representative of Our Current List

Corporate Obligations

	Approx. Price	Approx. Yield
INLAND STEEL CO., 1st S. F. "A" 4½s of 1978	93¼	4.85%
CANADIAN NATIONAL RYS., 30-Year 4½s of 1957	94	4.90%
COLUMBIA GAS & ELECTRIC CORP., 25-Year Deb. 5s of 1952	99¾	5.01%
MILWAUKEE ELECTRIC RY. & LIGHT CO., Ref. & 1st 5s of 1961	99¼	5.05%
ST. LOUIS-SAN FRANCISCO RY. CO., Cons. "A" 4½s of 1978	90¼	5.06%
MISSOURI PACIFIC R. R. CO., 1st & Ref. "G" 5s of 1978	99	5.06%
PHILADELPHIA COMPANY, Secured "A" 5s of 1967	98¼	5.10%
SUPER-POWER CO. of ILLINOIS, 1st 4½s of 1968	88½	5.20%
INTERNATIONAL MATCH CORP., S. F. Deb. 5s of 1947	97	5.27%
WEST TEXAS UTILITIES CO., 1st 5s of 1957	93	5.52%
INDIANA ELECTRIC CORP., 1st "C" 5s of 1951	91	5.75%
WEIL-McLAIN CO., Gold 5s of 1931-35	Var.	6.00%
EDGEWATER BEACH HOTEL CO., Gold Deb. 5½s of 1932-38	Var.	6.00%
FOREMAN TRUST & SAVINGS BANK AS TRUSTEE, 1st Mortgage Participation Certificates 5¼s of 1938	95	6.00%
NATIONAL BOND & INVESTMENT CO., Gold 6s of 1933-39	Var.	6.10%-6.15%
SOUTHERN NATURAL GAS CORP., 1st 6s (with warrants)	91½	6.92%

Foreign Bonds

KINGDOM OF DENMARK, External Gold 5½s of 1955	99⅞	5.52%
KINGDOM OF BELGIUM, 30-Year S. F. External 6s of 1955	101	5.92%
UNTERELBE POWER & LIGHT CO., 6% Notes of 1931	98¾	7.10%
MANNHEIM & PALATINATE ELEC. CO., 7% S. F. Mortgage Gold Bonds of 1941	96	7.23%
GERMAN BUILDING & LAND BANK, Mortgage Secured 6½s of 1948	90	7.50%

Investment Stocks

F. & R. LAZARUS & CO., 6½% Preferred Stock Listed on the New York Curb Exchange	At the Market	6.63%
L. GREIF & BRO. INC., 7% Preferred Stock Listed on the New York Curb Exchange	At the Market	7.37%
NATIONAL SECURITIES INVESTMENT CO., Units of 6% Preferred Stock with Common Stock and Common Stock Warrants—Listed on the Chicago Stock Exchange	At the Market	8.33%
CONSTRUCTION MATERIALS CORP., $3.50 Convertible Preference Stock Listed on the Chicago Stock Exchange	At the Market	8.75%
MONSANTO CHEMICAL WORKS, Common Stock Listed on the New York Stock Exchange	At the Market	
JOHN MORRELL & CO., INC., Common Stock Listed on the New York Stock Exchange	At the Market	
PARKER PEN COMPANY, Common Stock Listed on the Chicago Stock Exchange	At the Market	

Offered subject to prior sale and change in price.

Full details on any issue listed will be furnished upon request.