

TOPICS IN WALL STREET.

News, Comment and Incident, On the Stock Exchange and In the Financial Markets.

An orderly advance in many of the market leaders featured trading on the New York Stock Exchange yesterday. Just before the close there was a fairly impressive demonstration of strength in the general list, but up to that time the activity, while at times quite brisk, was confined to a limited number of high-grade industrial and railway issues. United States Steel common was heavily bought, both the old and "when issued" issues rising sharply. The action of the market was naturally interpreted in Wall Street as a reflection of increasing confidence on the part of speculative interests. Efforts to depress the market were frequent, but the resistance was more effective than on the preceding day. The Stock Exchange's compilation of brokerage loans as of Dec. 31, as Wall Street viewed it, supported the theory that there has been no undue expansion of borrowings.

Steel Common the Leader.

The natural leadership given to the stock market by United States Steel common is never more impressive, from the stock market view, than when Steel is taken strongly in hand by its market experts and quickly bid up. Such a procedure often has the effect of turning the market squarely about. This is much what happened yesterday. Stocks were irregular and disposed to tend downward until the bidding started for United States Steel common, especially the new, when issued stock. This gesture brought a multitude of covering orders, not only in Steel but also elsewhere in the list. The impression seemed to be firmly held in Wall Street that there will be no change in the 7 per cent. dividend rate when the proposed when issued stock becomes a reality. There was much talk in the financial district yesterday about "a new pool in Steel." It was mostly talk. The market friends of Steel common are themselves likely to be always looking after it.

"Thin Markets."

Many ticker watchers commented yesterday on the fact that there are exceptionally "thin markets" in many stocks at the present time and that this thinness was encountered both on the upside and the downside. In other words, concessions are usually exacted from the trader in the present sort of market. As an example, American Express shares yesterday advanced 2 points on the sale of only 200 shares of stock, while Armour of Illinois preferred was off 2 on 200 shares. Dealings in 800 shares of Chicago Pneumatic Tool put it up 2½ points, while 100 shares of Cushman & Sons Company dropped those shares 1 point, and 300 shares depressed Kinney & Co. 2 points. The same conditions prevailed in many other stocks on the Big Board, and in practically all cases of the inactive issues the spread was from 1 to 3 points between the bid and asked price.

Inquiry for Options.

New Street brokers reported yesterday a fairly brisk demand, but at the same time a highly professional one, for calls and puts. The demand for calls is much more brisk than that for puts, and as a matter of fact the prices have advanced to such an extent that the cost of this sort of paper is almost prohibitive at the present time. The average of the active industrials on thirty-day paper is approximately 6 points, while puts may be purchased for the same length of time and on the same active stocks from 4 to 5 points away from the market.

December in the Clear.

With the announcement of their November earnings yesterday the Class I railroads brought their eleven months' net operating income to \$1,151,604,395, or nearly \$15,000,000 more than that for the entire year 1925. This \$15,000,000, plus whatever turns out to have been earned in December, will settle the amount of increase in 1926 net operating income over 1925. The pros-

pects are that, with the swelling profits of the coal roads to offset slight losses in the West, net receipts for December will be at least \$95,000,000, and possibly \$100,000,000. The month will, however, provide the first opportunity to judge the effect of the wage increase granted to the conductors and trainmen of the Eastern roads.

A Hope Unfulfilled.

Stock Exchange traders who may have expected to swell their profits by quick turns in the stock of the Standard Oil Company of New York have been disappointed, as a glance at the range of quotations since the stock was listed on the Big Board about a month ago will show. There has been a heavy turnover of the stock, but the fluctuations have been within a range of ¼ point. Of course, the admission of the stock to the Exchange's list has increased the commissions of many firms, but individual traders have had little opportunity to do anything for themselves. There are 17,500,000 shares outstanding.

St. Paul Decision Soon.

The decision of Judge Wilkerson on the application of the reorganization managers of the St. Paul for confirmation of their bid for the property is expected to be made next week. If it is favorable—Wall Street was yesterday inclined to the view that it will be—application will be made promptly to the Interstate Commerce Commission for authority to issue the new securities outlined in the reorganization plan. This will afford the road's minority stockholders another opportunity to contest the plan, and it probably will be several weeks before the commission will reach a decision in the matter. That was considered to make it unlikely that the road will be lifted from receivership before the second quarter of the year.

Canada Sending Gold Here.

The shipment of gold from Canada to this country, announced yesterday, was a development that had been foreshadowed by the movement of foreign exchange recently. In contrast with the premium which Canadian exchange commanded in the late Autumn season, Canadian funds recently have been quoted at a discount. This was considered natural, since the closing of navigation on the Great Lakes has reduced Canadian exports. Further shipments of Canadian gold to this country are expected.

The Railroads' Achievement.

The achievement of the railroads in 1926, it was remarked in railway circles yesterday, was of greater magnitude than is generally realized. The decline in passenger business resulted in passenger earnings being about \$100,000,000 less than they were in 1923. Reductions in the average revenue per ton mile since 1923 cost the roads about \$90,000,000. In consequence, despite the record traffic for last year, gross earnings will run only about \$40,000,000 more than in 1923, which will be more than consumed by an increase of about \$60,000,000 in taxes. Despite all these adverse conditions, such economies in operation were effected that net operating income in 1926 will be about \$250,000,000 more than in 1923.

Telephoning Across Ocean.

The radio telephone system between London and New York aroused great interest yesterday in the financial district, where it was said that its greatest opportunities lay in foreign exchange trade. It was pointed out that the greater part of the foreign exchange business within London is transacted by telephone, and if New York is attached to the circuit, there will be great savings of time as well as fewer wide fluctuations. At present, of course, the transoceanic telephone system is an experiment so far as financial business is concerned. Three points will have to be perfected, it was said: assurance of privacy, speed in making connections and clear reception.