FORM 69 50M

PRIVATE WIRES

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RUSSELL, MILLER & CO.

820 SECOND AVENUE

SEATTLE

TELEPHONE ELIOT 3400

1933

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TOTAL SALES 1,250,000 SHARES.
DOW JONES AVERAGE RANGES:
30 INDLS..52.13, 49.68, 50.16, off 0.77.
20 RAILS..24.42, 23.32, 23.49, up 0.06.
20 UTILS..21.65, 20.75, 20.90, off 0.24.
40 LEADING BONDS.,,,....75.47, off 0.67.

--AFTERNOON MARKET LETTER--

NEW YORK, Feb. 27.---The market continues under the spell of banking doubt, uncertainty and in many cases positive hysteria. Wall Street started in in the morning to feel better for considerable comfort was derived from the fact that the Couzens bill had been passed by both houses and signed by the President. It gives the comptroller of the currency very broad powers and expeditiously applied is certain to prevent many unnecessary closings. The street was also reassured by the evidence that Henry Ford has taken an active part in the reorganization of two big Detroit banks, that he is investing upwards of $8,000,000 of his own money as a preliminary step out of which will presumably later follow a loan from the R.F.C. Apprehension that Ohio might duplicate the action of Michigan and Maryland was relieved, but as the day wore on it became apparent that a considerable number of cities in Ohio were taking advantage of the bank moratorium, or at least the law which makes it possible to limit withdrawals to 5-10% ratio.

The rally had reached its peak by the end of the third hour. In the fourth and fifth hours selling appeared, and at the close the industrials had lost all of their earlier gains and yielded an additional .77 on the day. Fortunately, however, the rails were able to maintain part of their gain, which at one time amounted to .72. At the close they were up just under a tenth of a point. Utilities were down 1/4 point. Volume amounted to 1,250,000 shares, and with evidence of liquidation in the sell-off in the final hour where overturn amounted to 1/3 of the day's business, or 400,000 shares. It is probably a fair statement that the weakness in stocks in the last hour caused a sell-off in wheat which yielded all of its earlier gain and closed for a loss of 3/8 to 1/2¢. Cotton was up 1 to 6 points and other commodities generally were steady. Bank stocks were heavy all day. On the other hand, there was evidence of real support in government bonds and government issues actually closed plus for the day. This was one of the encouraging features.

Advices from London indicate very clearly the deep interest which the London market is taking in our American banking developments. London appreciates the fact that this country is going through another banking crisis, and is waiting to see whether the attempt to localize it will be successful or not.

The technical action of the market today suggests further selling and liquidation. It is of considerable encouragement that rails have not yet decisively or seriously penetrated the lows of their quadruple bottom of the past four months. If they can get by for a few days more there is a very fair chance that the rail list will refuse definitely to confirm the extremely bearish implications furnished both by industrials and utilities.

RUSSELL, MILLER & COMPANY,
BY GEORGE G. BASS.

2:30pm.y.

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TOTAL SALES 910,000 SHARES.
DOW JONES AVERAGE RANGES:
30 INDLS..52.12, 49.83, 51.39, up 1.23.
20 RAILS..24.50, 23.30, 24.08, up 0.59.
20 UTILS..21.82, 20.80, 21.68, up 0.78.
40 LEADING BONDS........75.00, off 0.78.

--AFTERNOON MARKET LETTER--

NEW YORK, Feb. 28.---The market was less feverish and less active in today's session. Volume dropped down to just over 900,000 shares, 30% less than on Monday. It was a day of rally with the percentage of gain largest in the rails, which have now climbed back to the 24 level, with a gain for the day of about 6/10 of a point. Industrials were up 1-1/4 points and utilities just over 3/4 of a point. The action of bonds still denotes a certain amount of liquidation, with the average of 40 bonds down an additional .37. There was a moderate amount of encouragement, however, in the fact that high-grade rails showed a slight gain on the day and that government bonds were mixed, some issues up and some down. The wheat market recorded an advance of 5/8¢ a bushel and cotton was steady to unchanged. It was evident that both the bond market and stock market continue under the dominance of the banking situation.

So far the partial suspension of moratorium idea shows some additional spread. Today early news, for example, disclosed the fact that Delaware and Pennsylvania, as well as Arkansas, were invoking this temporary method of halting bank withdrawals.

The street, of course, is thoroughly reconciled to another bad bank statement on Friday, with the prospect that there will be a further uncomfortable expansion in currency circulation. The street derived a great deal of comfort from the fact that the Senate passed by a very large majority the Bankruptcy bill, with the railroad provision included. The bill is now in the House with a strong prospect that either in the form that it came from the Senate or with such modifications as are accepted by conference report, the act will become a law before the expiration of the present session. Such a bill would be of great benefit to railroads. It would undoubtedly prevent several receivership, and as a broad sustaining influence in the entire railroad situation its sentimental influence and practical value as well would be very great.

Some of the recovery in today's market was, of course, initiated by short covering. When the premiums were run up sharply on several stocks, it was a signal for a certain number of short traders to cover. As a technical maneuver this advance in premiums had the benefit of enabling the market to carry the rally of the first four hours through to the close. Not all of the gains achieved in the first four hours were maintained, but the great bulk of them were. The pattern of the last several days has now been broken and the market has managed to maintain in the final hour gains laboriously built up during the first three to four hours.

It is perhaps significant that the closing of minor exchanges in centers like Detroit, Cleveland, Baltimore and Cincinnati, has had no greater influence so far as the New York Stock Exchange is concerned. It is possible that these closing have thrown a moderate amount of additional liquidation into New York. There was some evidence of this in the early trading today in the selling of one or two issues with affiliations known to be tied into one of these midwestern cities.

It is our opinion that the creation of greater confidence in bank stability, a positive cessation of additional moratoriums and at least a start towards the break-up in hoarding are essential before any important or sustained recovery in prices can be anticipated. London continues to keep its eye on the American banking situation and if the British and Continental investors are as shrewd as they have been in times past, it is not impossible that they will start buying substantially in advance of the time when American buyers recover enough confidence to place orders.

RUSSELL, MILLER & CO.,
BY GEORGE G. BASS.

3pm. y.

FORM 69 25M

PRIVATE WIRES

RUSSELL, MILLER & CO.

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1933

TOTAL SALES 1,410,000 SHARES.
DOW JONES AVERAGE RANGES:
30 INDLS..55.44, 51.54, 53.84, up 1.30.
20 RAILS..25.45, 23.63, 24.76, up 0.82.
20 UTILS..22.65, 20.89, 21.95, up 0.65.
40 LEADING BONDS........73.21, off 0.81.

--AFTERNOON MARKET LETTER--

NEW YORK, Mar. 3.--- The market today presented the extraordinary spectacle of advancing prices in the face of admittedly critical and serious news. The bank statement was as poor as expected. It revealed an extraordinary increase in circulation of $732,000,000. It also showed how flexible is the Federal Reserve System and how quickly it can operate for the creation of fresh credit reserves when they are as badly needed as they were in the late week. Incidentally, in discussing this huge increase of currency in circulation, it is well to bear in mind the purpose for which it was used. It is estimated that at least 30% of the $732,000,000 increase represented cash which went into bank vaults. The motive, of course, is self-evident as to why banks felt it necessary to have an excess of cash. It is also estimated that between $200,000,000 and $300,000,000 of this increase in currency was used for the meeting of payrolls throughout the country. Obviously, workers receiving payroll cash were not returning it to the banks, because the banks are not paying out money. In other words, this payroll currency which would find its way into the banks almost immediately, is being held out because of the bank holiday. There is a certain measure of value in the above analysis because it proves that only a part, probably less than a third of the increase in currency, can be traced to hoarding.

During the day three additional states extended the bank moratorium or partial closing idea. These three were Wisconsin, New Mexico and Georgia. One of the New York newspapers tonight places the total of states which have adopted this emergency method of meeting the bank situation at 30. Other estimates place the total at 28, not including the District of Columbia, which is apparently going to be authorized to act by special legislation of Congress. There is a feeling in Wall Street that these bank moratoria have become a state habit and that a number of governors are being stampeded into state action where local action would undoubtedly be sufficient. The rather ironic statement is made that the current phase of the depression will ultimately become to be known as the "Governors' Panic." Whether it is a fact that some of the state governors have lost their heads and are doing unnecessary things is, of course, a matter of opinion and no safe criticism can wisely be ventured at this time.

Naturally the strain which the present emergency has created has advanced the rates for money. Call funds got up officially as high as four percent and outside loans were arranged at 5%, the highest rate since the end of 1930. Time money is practically unobtainable and there is no good point in attempting to quote a rate on it. The entire picture is distorted.

It is probable that because we always have to find somebody to blame in this country we are putting undue weight on the hoarding mania. There is plenty of this, of course, as is evidenced by the steady decline today in the discount on Canadian funds. On the other hand, the major weight of currency expansion at this time is being created by bank requirements and by the use of cash in areas where checking accounts no longer are sufficient to meet the demands of every-day life.

From a technical standpoint the market advanced for the first three hours, the high points being reached at the end of the third hour. Prices sagged a little after that, but even so at the close the industrial average had scored a gain of 1.3 points, the rails .82, and the utilities .65.

Incidentally in bidding goodbye to the present "lame duck" session of Congress, the last which the country will ever have, it is only fair to add that it has accomplished a surprising amount of really favorable legislation and has failed to pass any dangerous legislation.

Obviously the technical action of the market in the present extremely difficult situation is favorable. The bond market continues to decline and reflect the pressure of unsatisfied liquidation. In other words, bonds are being turned into cash under the spur of necessity. The rally in wheat today and the strength in cotton were both impressive and were explained on the ground that a strong administration address is expected tomorrow.

---DITCHETT.

DOW JONES AVERAGE RANGES 3/15/33
30 INDLS..62.55, 57.11, 63.10, up 8.26.
20 RAILS..29.41, 26.25, 29.19, up 4.43.
20 UTILS..24.75, 23.08, 24.58, up 2.63.
40 LEADING BONDS........75.14, up 1.93.

--MORNING MARKET LETTER--

NEW YORK, Mar. 16.--- The market recorded in a highly temperamental and perhaps in even a sensational manner the fact that there has been a profound and far-reaching change in public psychology. The key to the change lies, of course, in the admirable and sound leadership furnished by the President. Having discovered that in the case of sound banks it can get all the money desired, the public no longer wants currency and is rushing hoarded funds back into deposits.

The pace of advance is so extreme that it clearly cannot be maintained for any material length of time. There was plenty of technical selling yesterday based on the expectation of getting stocks back on a first and probably nearby reaction. On the other hand, there is a big flock of would-be buyers who failed to acquire their lines before the exchange closed. In many cases these have raised buying limits. It is safe to assume that there will be plenty of buyers and perhaps too eager buyers on the first reaction. Partly for this reason, but mainly because of the known fact that mere technical appraisal of the market at a time of dynamic transition has in the past repeatedly failed to give full value to the lifting power of a deep-seated change in mass psychology, it is not impossible that the current rebound will considerably exceed limits set by the habitues of Wall Street. Clearly the times are too extraordinary to make cold blooded analysis a trustworthy guide. As between placing dependence for market appraisal on mob psychology or adhering to the more conventional yardstick of technical factors, we prefer the former. It is more fundamental and powerful, but obviously much less susceptible to accurate measurement. It is evident that at the moment the popular mind is not troubled nor is it giving weight to probable poor earnings in the first quarter of 1933.

Such consideration may easily come later, or it may even be largely avoided provided the rebound in second quarter earnings is big enough to bridge the gap. The public is at the moment expressing its revival of confidence, abandonment of fear and its confidence in the calibre of the Washington administration, and in doing so is moving with great abandon and at a degree of speed consistent with the power of underlying forces.

There is the natural question as to just how much liquidation may be expected from closed banks in charge of conservators. The best opinion is that the bulk of such liquidation is not considerable, that it will be spread over a liberal time period, and that so far as closed banks is either local securities or unlisted securities. Some judges believe that the number of closed banks which will ultimately be liquidated is somewhat in excess of 3,000. For the most part, they are small isolated institutions with a large part of their difficulties concerned in real-estate.

The market today will clearly remain under the influence of Washington news. Early passage of the Economy bill and prospect of beer by Saturday would be powerful influences and should continue the present rebound. The breadth of yesterday's market was the great since last Fall. In percentage of gain in industrials and rails it is doubtful if the exchange has ever exceeded its Wednesday performance.

RUSSELL MILLER & COMPANY,
BY GEORGE G. BASS.

am. y.

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TOTAL SALES 880,000 SHARES.
DOW JONES AVERAGE RANGES:
30 INDLS..57.05, 54.94, 55.40, off 1.09.
20 RAILS..26.98, 25.16, 25.54, off 1.20.
20 UTILS..20.34, 19.15, 19.33, off 1.07.
40 LEADING BONDS........74.41, off 0.34.

--AFTERNOON MARKET LETTER--

NEW YORK, Mar. 31.---The market broke out of its trading rut on the down side today. For the first four hours prices failed to reveal any distinct trend. The industrials were up about a third of a point, the rails were a stand-off and the utilities were inclined to be somewhat soft. The selling which came in the final hour was fairly heavy. It resulted in breaking the industrial average to 54.94, the rails to 25.16. At the close the industrials were off 1.09, the rails 1.2 and the utilities 1.07. Volume mounted due to heavy selling in the last hour to 880,000 shares.

The bond market was also heavy, with particular weakness in second-grade rails. The bond average was down for the seventh consecutive day. On the other hand, commodity markets acted independently. The May option in wheat sold at 54-1/8¢, high and July 54-7/8¢. At the close wheat was up about 7/8¢ a bushel. The strong tone in wheat was aided by bullish private estimates of the size of the Winter wheat crop.

The particular point which started the market on its selling wave in the last hour apparently centered around publication of the statement that MISSOURI PACIFIC had applied for reorganization under the recently enacted Bankruptcy bill. It had been known for most a week that MISSOURI PACIFIC was in a weak position, that it was avoiding receivership from quarter to quarter by adoption of doubtful expedients. It is not unlikely that the market was about ready to decline anyway and simply seized the MISSOURI PACIFIC news as an excuse for so doing. The MISSOURI PACIFIC is the first road to apply for reorganization under the Bankruptcy law. It is also the first instance of a major railroad insolvency during 1933. The weakness in DRUG, INC., which sold down to a new low of 29 centered around the application for receivership for its subsidiary, the LOUIS K. LIGGETT COMPANY, which is the retail distributing agent for DRUG, INC. The LIGGETT receivership is, of course, primarily based on a rental situation. Apparently the necessary scaling down of rentals could be accomplished in no other way.

The bank statement was extremely favorable, and continued the improvement shown so strongly the previous week. The decrease in circulation since the peak now totals over a billion dollars. Very clearly the banking situation is clearing up and steady progress is being made in the restoration of a sound national banking situation. It was a encouragement to have the statement of the Secretary of the Treasury that 65 national banks with deposits of $350,000,000 had been reorganization and completely reopened in the 10-day period ended March 25.

Today's market performance again demonstrates the advisibility of giving fairly full weight in dull market periods to technical indications. It had been rather apparent for two days that rails had lost their headway and that action of bonds constituted a disturbing influence. It seems inevitable that the breaking out of the market on the down side will create some additional selling with the probability that the market will have to move down and build up new resistance levels which must then be tested out for determination of their stability. The market for the past two days at least has shown a tendency to disregard good news and emphasize bad news, a situation in itself which is often an indication of near-term lower prices.

RUSSELL MILLER & CO.,
By George G. Bass.

3pm. y.