WESTWOOD CAPITAL, LLC

RESEARCH

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Haven't We Been to this Show Before?
(Note: Past Results are No Guide to Future Performance)

"There were fairly distinct indications, in last week's stock market, that even professional Wall Street is getting back to a mood in which it will look at things as they are, and not necessarily as they would like them to be. Not much more than a month ago it was in that [latter] frame of mind; examining with great care actual returns of production, trade and employment and trying to discover, from these tangible facts, when the real turn for the better was likely to come. But the restless "professional" wearied of that. He may have seriously thought that cheap money in Wall Street would at once and automatically revive a business boom, irrespective of all other influences. He may actually have believed the stock market to be an independent industry not concerned with trade vicissitudes. Possibly, although not in himself the least deluded on either supposition, he may have imagined that the outside public would not have sense enough to see the fallacy. At any rate, a bold pretense was put up of retuning to [the bubble's] speculation."

-- **The New York Times** – Opening paragraph of Financial Markets: A Changing Mood In Wall Street – Stocks and the Problems of Trade, **April 21, 1930**, four days after the DJIA hit the peak of the recovery rally about six months after the great crash of 1929…a level it was not to see again for nearly a quarter century (full article appended to this report).

Overview

About six months following the nadir of the Dow Jones Industrial Average's roughly 50% decline from its bubble-era highs, it rose to 48% off its lows. Speculation that another bull market was in the offing, brought anxious capital back in from previously frightened traders. Unemployment threatened to define the economic picture in a way that hadn't been seen in decades. The Federal Reserve and banks were lowering the cost of money to borrowers still able to borrow. Brokerage firms were re-hiring workers that had been let go in mass layoffs. Investment trust pools were all the rage – investing in assets at supposedly depressed prices. Favored stocks were being bid up, while talk abounded of ample cash on the sidelines. Corporate earnings were down, but the Street was pouring over any sign of the slight industrial improvement that had prevailed in the prior quarter, and ignoring any discouraging news.

You may have guessed that, by our use of the past tense, the foregoing refers to the "hope" rally of 1930. To say it is eerily on par with a description of the condition of today's market (up until this week) is an understatement. Accordingly, instead of joining in the coming flood of one year anniversary pieces on 2008's "Autumn of Anxiety," we offer this 80th anniversary reflection on the events of 1929–1930. Not a Santayana-esque tome about being condemned to repeat a past we have forgotten, but some very interesting history it certainly can't hurt market participants and policy makers to remember.

This is a week of vacations and contemplation at the end of an interesting summer. When we have time to rest and think, we also have time to muse. This piece stems from one such musing – a curiosity about how the market's current behavior compares to the only other U.S. stock market meltdown to which it can be related. So, possible macroeconomic and market differences in the current state of affairs aside, we turned to history to illuminate the present. And – much as we can't bring ourselves to believe that history will repeat itself as closely as it seems to be doing – possibly shed some light on the future.

A word of caution: We were going to subtitle this essay "Look Out Below," but thought better of it. While we do believe that the degree of rebound in the equity markets this summer was a triumph of hope over reason, we caution the reader not to draw the less-than-tempting conclusion that all is headed to hell in a hand basket. The world today is, of course, vastly different than that of the 1930's. But even the most unrepentant bulls out there might follow along and muse wondrously along with us. Any conclusions we leave to the reader.

Two Crashes and "Hope Rallies"

First, a little history: Most students – somewhere in their high school curriculum – vaguely register the fact that late 1929 saw a devastating crash in the stock markets. The crash is, for many of us, directly linked to the narrative of the Great Depression of the 1930's. In reality, however, the link is hardly a direct one. Business took a significant turn for the worse in 1929, and the market crash was severe (then, as a few months ago, down about 50% from its peak). But in early 1930 the U.S. was still years away from the massive unemployment and devastation that characterized the depression (some of which was due to poor government policy reactions to the downturn, a fact that our modern day Fed chairman is quite cognizant of). It was also over 27 months away from a final bottom for the stock market, which did not occur until 1932. At its final bottom, the Dow Jones Industrial Average had declined 89% from its 1929 bubble value.

As with today's market reaction to the crash of 2008-2009, less than six months after the crash of 1929, the Dow recovered more than 46% from its post-crash lows. A comparison of the two period is set forth in the below table and in the graphs on the following page. Little needs to be said that the table and graphs don't speak to better (the yellow shaded areas being subject to the ultimate verdict of history).

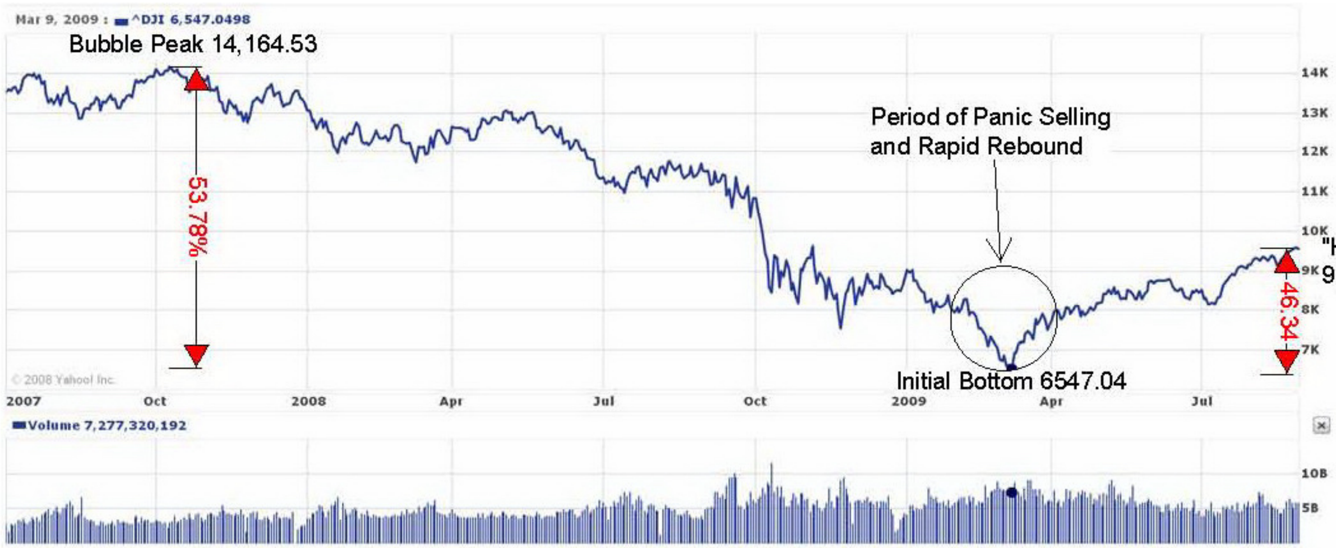
Dow Jones Industrial Average
Comparison of Two Crashes and the Aftermath Thereof

	1929-30	% Change	2007-09	% Change
Bubble High	381.17		14,164.53	
Initial Drop	198.69	47.87%	6,547.04	53.78%
"Hope" Rally High	294.07	48.00%	9,580.63	46.34%
Ultimate Low	41.62	89.08%	????	????
Days from Initial Bottom to "Hope" Rally High	155		171 +?	

Source: Market data and Westwood Capital calculations

The Crash and Rally of 1929 - 1930

The Crash and Rally of 2008 – 2009



Source: Market data and Westwood Capital calculations

The hope rally of 1930 ended on April 17th of that year, going into a long Good Friday weekend. Interestingly, there was an unexpected closing of the Tokyo (then "Tokio" in the press) stock exchange the day prior – which was widely reported and sent the U.S. markets slightly off kilter (think about the recent declines on the Shanghai market), but other than that – as illustrated in source material below – there was no real event that triggered the near-relentless decline that followed. The press of the day indicates building concern over the market's overvaluation, but there is absolutely no inkling of dread that the market value reflected in the Dow index was about to disappear until 1954.

Unemployment – Then and Now

Contrary to common recollection, unemployment – although trending badly in early 1930 – was not yet at the level that resulted in the long lines at soup kitchens and welfare centers that we are all familiar with from the grainy black and white photos of later in the decade.

In fact, in 1930, the rate of unemployment was nearly identical to current levels on an apples-to-apples basis.

As we wrote on January 22nd of this year, in our piece "***Unhappy Days are Near Again,***"[1] the unemployment rates of the 1930's were calculated in a manner vastly different than the way they are calculated today, for the purposes of the "headline" unemployment rate referred to as "U-3" by Bureau of Labor Statistics (BLS). The principal difference (and, please read our earlier piece for a complete explanation) is the elimination of a vast swath of the civilian population from the labor force in the modern day numbers:

- Workers who say they are available for and want employment, but have not looked for a job in four weeks, are considered not in the labor force ("marginally attached workers").
- People working only part time, for as little as one hour or even without pay in some cases because they cannot find a full-time job, are considered fully employed ("part time for economic reasons").
- Workers who are on strike without pay are considered employed.
- Workers who are enrolled in job training or other courses are considered not in the labor force.
- Workers on temporary leave from their jobs, regardless of whether they are being paid, are considered to be employed.

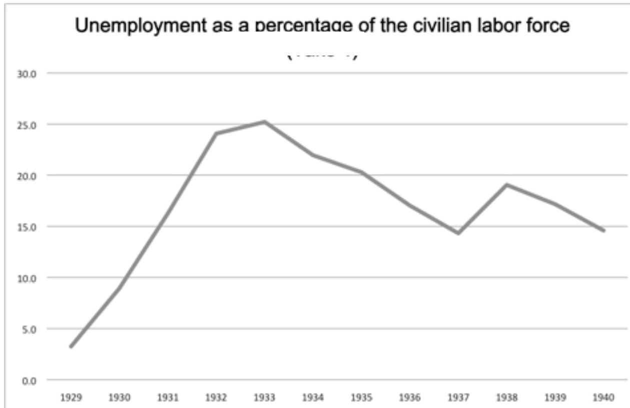
This was not the case in the 1930's and – without going into the detail contained in our earlier piece – suffice it to say that the unemployment numbers of that era bear a closer resemblance to the number published each month by the BLS, known as "U-6." The principal difference between U-6 and the civilian unemployment rates of the '30's, is that the earlier number excluded non-military government employees – of which there were far fewer percentage-wise than in the current labor force, so the difference is relatively modest.

U-6 for July 2009 came in at 16.3% - which is roughly comparable to where unemployment would have registered under similar circumstances in 1930 (after 1932, the unemployment statistics are a bit

[1] Please see http://www.westwoodcapital.com/opinion/images/stories/research/research-opinion/012109unhappydaysarenearagain.pdf

overstated for the depression era as they excluded the employment benefit of the massive federal jobs programs of the New Deal).

We don’t have monthly data for 1930 to rely on, but we do know that during 1930, unemployment shot up from 8.70% to 15.90%, as shown in the below graph. Suffice it to say that, using even a downwardly adjusted U-6 as a comparable, we are in the same relative range right now.



Source: Weir, David R. “A Century of U.S. Unemployment 1890-1990: Revised Estimates and Evidence for Stabilization.” Research in Economic History

Market Valuation

Late in the hope rally of 1930, especially as the Dow approached its peak of 293.07, brokerage firms began to caution their clients on the apparent inability to reconcile market prices with the overall business environment:

> “For the first time in many weeks market letters sent out by brokerage houses to their customers for perusal over the weekend had yesterday something to say beyond the usual watchword of caution. A rather large percentage of these letters indicated that the writers were mindful of the possible reaction in the stock market, based on the continued weakness in commodity prices, the sharp decline in our foreign commerce and the unemployment situation. In many instances, however, the advice was given to withhold judgment until the tenor of the earnings statements of corporations, covering the first quarter of the year, is revealed in another week or two. Notwithstanding the talk of possible reaction, little doubt was expressed that “the public” is back in the market.”[2]

Similar warnings have presented themselves over past weeks[3]. They are understandable, inasmuch as we have moved from the March 2009 valuation of the S&P 500 at 11.7 times their average earnings over the past 10 years, to a high of almost 19 times (last Thursday) in fewer than six months – all while corporate earnings either continued to weaken or were, by and large, being supported by cost cutting rather than any meaningful improvement in the top line.

[2] **The New York Times**, Topics in Wall Street, April 6, 1930, 11 days before the peak of the rally
[3] For the record, we are not “warning” – as stated above, we are merely musing.

The high multiple is, of course, in anticipation of a recovery in earnings. But last week's peak value is well in excess of the market's long-term average of 16.3 times, a level that itself is not often seen during the midst of severe recessions and periods of high unemployment.

The Voices of our Grandparents (and Great-grandparents)

In considering what happened during the hope rally of 1930, we wanted to get a better handle on the affairs of the period in real-time. Fortunately, we benefit from a treasure-trove of published material in the form of a wonderful little column that was published each morning in **The New York Times** in those days, called – dryly – Topics in Wall Street. This column provides a review of market activity of the prior day, along with comments on sentiment and outlook. It is alternately informative and chatty – and makes wonderful original-source reading for those inclined towards armchair history.

We pulled the daily accounts of Topics in Wall Street for the last couple of months of the hope rally of 1930, beginning on February 1, 1930, extending through the period surrounding the rally's peak on April 17th, until the end of that month. Within the original scans of actual newsprint we were amazed in terms of both the relationship of the subject matter to that of current commentary, as well as the almost parallel-to-present-day ebullience and worry exhibited in the columns.

For your reading pleasure over this long weekend, we set forth below some reportorial gems (the introductions are ours). As you read, you may need to remind yourself occasionally that what you are reading was written in the early part of 1930. Enjoy the read, and have a wonderful Labor Day weekend!

Topics in Wall Street
The New York Times – February through April, 1930

Market Strong and With Buyers from "Remote Places" – the day traders of yore:

(February 1, 1930) "Broad buying over a wide range of issues added yesterday materially to the stock market's stature, and sufficient stock moved forward in vigorous fashion to warrant the statement that the tone was strong...According to leading brokers, a considerable amount of the buying came from remote places over their wires."

Recovery Occurring Faster than Expected:

(February 2, 1930) "The process of bidding up the "trading favorites" was continued...Last week's estimates that steel production for the country at large was averaging 75 per cent of capacity, as against an average of 59 in December, seemed to guarantee a considerably larger total steel output this month than in December. The point was made, both in Wall Street and in trade circles, that this represented unusually prompt recovery. After the deflation crisis had reached an acute stage toward the end of 1929, January steel production was only 6 per cent less than in December."

Hiring Back Laid-off Investment Bankers:

(February 2, 1930) "So substantial has been the improvement in business recently that a number of brokerage houses which reduced expenses sharply following the break of last autumn are expanding again. In some instances, employees who were let out are being taken back."

The Ton of Cash on the Sidelines is Coming Back:

(February 5, 1930) "Brokers, with the experiences of last autumn fresh in their minds, are being surprised daily, one of them said yesterday, by the amount of cash that their customers are supplying. It was pointed out that the impression was widespread after the break that would be fully a year before the rank and file of traders would be able to repair their financial position sufficiently to get back in the market. It is being proved that a great many trader held substantial amounts in reserve and that they were not hurt so badly as was thought, a partner in one leading house said."

Market Trading in Parallel with Commodities:

(February 5, 1930) "The speed with which the stock market rallied in sympathy with the better tone in commodities yesterday is an indication, according to brokers, of the close attention that is being paid to the commodity situation."

New Post Crash Highs:

(February 6, 1930) "Not only did the volume yesterday establish a new high record on the Stock Exchange for 1930 but the composite averages of The New York Times moved into the highest ground that they have ever reached since the break of last autumn."

Easy Money Used to Foster Recovery after the Crash:

(February 7, 1930) "The reduction of the bank rates in New York and London yesterday offered another example of apparent cooperation between the two markets. The movement toward lower central bank rates began on Oct. 31, last when both New York and Long cut the rate. The Federal Reserve Bank here led the British institution by a week in the next reduction, which came on Nov. 15 here and on Nov. 21 in London."

Return to a Bull Market – the "New Era" is coming back:

(February 9, 1930) "Out of the lately improved sentiment in Wall Street has arisen a feeling among many bankers and brokers that the idea of an altogether "new era" in American finance, which was proclaimed by the new school of economists before the October panic, has not been thoroughly destroyed after all. Some investment trust executives declared last week that they would not be surprised to see a return of some of the phenomena which made the 1929 bull era so unique."

Business is Recovering Just Fine:

(February 14, 1930) "The improvement in sentiment in Wall Street may be traced almost directly to the encouraging reports which the financial community is receiving from the leading industries of the country, according to investment trust executives. They say that the current rise in security prices is firmly grounded on the improvement in business conditions that began in December."

More Easy Money:

(February 15, 1990) "Bringing Down the Rates - The alacrity with which other banks from the Reserve System have followed the lead of the New York institution in reducing rediscount rates has been remarkable."

Intraday Trading Dominates:

(February 16, 1930) "With the return last week of an installment of the army of out-and-out speculators, however, a few writers of [investment] literature had the temerity yesterday to suggest "buying stocks for a quick turn" in advices sent out to clients for perusal over the week-end. In the parlance of the financial community, the present market is a "sharpshooter's affair," and it is quite as important to know the hour to sell as it is the time to buy. Thus far, however, professional advisers have refrained from indicating any elaborate system of timing transactions in given stocks."

IPO's are Coming Back:

(February 19, 1930) "According to financial authorities the stabilization for stock holding gives promise of a gradual return to favor of the offering of common stocks through subscription rights as one of the means of conducting new financing this year."

Were There also Algo's in the '30's?:

(February 22, 1930) "An idea of the relative size of public and professional participation in the market was offered yesterday by a broker who indicated that the volume of commission business for the public, compared with a year ago, was much smaller, while the total trading was only moderately less than that of 1929. The slack has been taken up by professional trading, this broker contends, explaining the relative narrowness of certain recent movements and the abrupt changes in trend that have mystified traders for the turn."

Perhaps the Market is getting a Little Overbought:

(February 28, 1930) "The strength exhibited by the stock market during the last two days has not served to crystallize sentiment in brokerage circles concerning the immediate outlook for prices. While some of the brokerage comment yesterday predicted a further advance in the market, it was emphasized in other quarters that there was a need for caution. One of the most pertinent comments made held to the opinion that the market must absorb a good deal of stock at levels just a little higher than are currently ruling."

Unfavorable News Ignored:

(March 2, 1930) "Although professional operators for the fall [shorts] have had the advantage recently, so far as news developments were concerned, they have not been able, it was pointed out yesterday, to capitalize them as might have been expected. Among the incidents which speculators for the rise have had to contend against were the unsettlement in the grain markets, reduction in crude oil prices, price-cutting quarrels in the gasoline business, talk of increased taxation and uncertainty in the copper industry, to mention only a few."

On Volatility:

(March 2, 1930) "Considerable comment has lately been made on the fact that advances or declines of 3 or 4 points in active stocks are nowadays discussed as of no consequence; that Wall Street does not really begin to be interested unless a rise or fall of 10 points or thereabout occurs. It was recalled last week that the attitude toward stock fluctuations prevalent before 1927 reflected much more modest expectations. A rise of 2 or 3 points in stocks was considered a demonstration of much strength; a 5-point rise caused some excitement. Discussing the reason for this change of perspective, general judgment in Wall Street last week was that the excessively violent fluctuations which occurred almost daily during 1928 and 1929 had accustomed the market to a wide daily swing of prices and that it was hard to break the habit. Opinion differed as to whether the scope of fluctuations would grow smaller again, in case the trade reaction were to be prolonged. The question was admitted to be complicated by the relatively much larger volume of trading even on dull days. In the present market a 3,000,000-share day attracts only passing notice. It was recalled, however, that until 1928 there had been only ten days in the history of the Stock Exchange on which 3,000,000 shares had changed hands and that eight of those days had occurred since 1924."

The Bull is Back, Just Ignore the Down Days:

(March 4, 1930) "According to one opinion the late unpleasantness in the stock market was merely a little hesitation in the major movement of the big bull market. A broker who explained this point of view to one of his customers yesterday met the fervent response: "Thank heaven, it was just a little hesitation."

More, More Easy Money:

(March 6, 1930) "The Bank of England and the Federal Reserve Bank of New York will hold their weekly meetings of directors today and interest on both sides of the Atlantic is centered on the possibility of action by each institution on its bank rate. In London the open market appears already to have discounted a drop in the rate, but the position of sterling militates against it. It is generally believed that the British Bank will not bring down its rate without assurances that the Reserve Bank of New York will also cut."

More, More, More Easy Money

(March 7, 1930) "Such buying interest as development on the Stock Exchange yesterday was traced to the new money rates which, to Wall Street at least, seemed absurdly low in the light of conditions that prevailed at this time a year ago."

What Crash?

(March 7, 1930) "Wall Street statisticians were surprised yesterday, in making comparisons with the averages of the same date last year, to learn that the recession had been so small. It was discovered, for instance, that fifty representative issues, as averaged by The New York Times, sold on March 6, 1929 at $240.46, whereas the same group yesterday closed with an average price of $226.98. Twenty-five industrials closed yesterday at $323.35 against $348.73 on the same day last year, while twenty-five rails closed at $130.62, as compared with $132.19 on the same date in 1929."

Unemployment is Under Control:

(March 9, 1930) "Sentiment in Wall Street apparently was improved to some extent by President Hoover's assurances that unemployment is being reduced, but there was little visible effect on the stock market."

Those Damnable Shorts:

(March 11, 1930) "Greater emphasis is being placed than ever before on the influence of the "bear party" in the present market, and the general impression is that recent estimates as to the size of the sort interest have not been exaggerated. The managing partner of a leading commission house said yesterday that an "enormous bear party is locked up in the market." He was contending that the makers for a strong "technical position." Other brokers agree that the "bear party" is stubborn and that leaders of the faction refuse to cover their commitments. At the same time, they say, many of the new crop of shorts have seen fit to close out their contracts."

What Would Happen if Foreigners Stopped Financing Us:

(March 12, 1930) "The compilation of American exports and imports of short-term capital during 1929, prepared by the Department of Commerce, gives the answer to that fascinating, if somewhat fanciful, question: "How much gold would the United states lose if foreigners were suddenly to decide to withdraw all their holding of short-term funds in America?" The answer apparently is $1,603,434,000: that is, the difference between the $3,087,281,000 which is owed to foreigners on account of deposits by them in our banks, brokers' loans, holding of bankers' acceptances and other short-term investments, and the $1,483,847,000 which foreigners owe American banks and investors on account of similar holdings abroad."

More, More, More, More Easy Money:

(March 14, 1930) "The action of open-market rates for credit, combined with the lowering of the British bank rate last week, had clearly pointed to such a move. They desire of the country's banking authorities to do everything possible to stimulate business is conceded to be the motive behind the Federal Reserve's aggressive easy-money policy."

Something's Wrong Here:

(March 22, 1930) Traders found the action of the stock market yesterday answerable to the description of the gentleman who mounted his horse and rode madly off in all directions...As to whether the present is a bull or bear market and whether it is of the creeping or roaring variety, depends large on what stocks are being held. A case could be made for any one of the four hypotheses.

Who's Moving the Market?

(March 25, 1930) Wall Street was in a cheerful frame of mind as a result of numerous vague reports of improvement in business and industry, but the strength in stocks was generally ascribed to the more aggressive activity of professional interests committed to the advance.

The Market is the Only Healthy Part of the Economy:

(March 26, 1930) The boisterous conduct of the stock market lately has given rise to apprehension in some quarters that a new and unbridled wave of speculation is about to start. The specter of a voracious market which once more will gobble up all available credit, nullifying the efforts of the Federal Reserve Bank to provide business with easy money, is being paraded. Leading bankers profess to see no such alarming symptoms, however. They say a rampant bull market can hardly be expected with business conditions as they now are. On the other hand, a buoyant market will have a valuable effect in lifting public morale and stimulating business optimism.

Stress Tests Not Yet Discovered, but Banks in Trouble:

(April 1, 1930) The call for statements of condition as of March 27, sent out yesterday to national banks by the Controller of the Currency and to state banks and trust companies by the State Superintendent of Banks, is likely to reveal some extensive changes since the end of last year.

High Volume Trading – 1930's style:

(April 1, 1930) Despite the increase in trading, which would appear to indicate that the public is making commitments in stocks on a scale commensurate with that of last summer, brokers say the 5,000,000 share totals of the last few days are somewhat misleading. In the first place, professional trading is said to constitute a considerable part of the total. Another factor which should be taken into consideration, the brokers contend, is the increase in the number of shares listed on the Stock Exchange.

Earnings Look Worse, But Hope Springs Eternal:

(April 16, 1930) The appearance of several reports of quarterly earning in the last few days, with the expected appearance of many other in the net few weeks has had a decided effect on the market action of numerous issues, according to brokers. Weakness in certain stocks is believed to be in anticipation of poor quarterly reports, while other issues, which are showing strength, may make an even better showing than they did in the first quarter of 1929, the brokers say. On the whole, Wall Street has discounted the effect of smaller earning during the first quarter of this year, it is contended, while an increase in the earning of certain companies would be decidedly encouraging in view of the slower trade this year. The fact that several of the most important corporations have been able to show an increase in share earning in the face of these conditions has been reassuring to a large section of the financial community.

THE NEXT DAY, THE DOW JONES INDUSTRIAL AVERAGE HIT A LEVEL IT NEVER SAW AGAIN UNTIL JULY 1954

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FINANCIAL MARKETS

A Changing Mood in Wall Street —Stocks and the Problems of Trade.

There were fairly distinct indications, in last week's stock market, that even professional Wall Street is getting back to a mood in which it will look at things as they are, and not necessarily as it would like them to be. Not much more than a month ago it was in that frame of mind; examining with care actual returns of production, trade and employment and trying to discover, from these tangible facts, when the real turn for the better was likely to come. But the restless "professional" wearied of that. He may have seriously thought that cheap money in Wall Street would at once and automatically revive a business boom, irrespective of all other influences. He may actually have believed the stock market to be an independent industry, not concerned with trade vicissitudes. Possibly, although not himself in the least deluded on either supposition, he may have imagined that the outside public would not have sense enough to see the fallacy. At any rate, a bold pretense was put up of returning to last Summer's speculation.

The process naturally made necessary reversion to last year's way of handling facts. Stock brokers' borrowings increased nearly half a billion dollars in a month; that, so speculative Wall Street and its coadjutors in printed comment explained, meant that "the public" was buying as enthusiastically as it bought last August. More particularly, an attitude of hostility and dislike began again to show itself toward any one who cited unfavorable news. It was something like disloyalty to point out reduced production or prices or employment or freight-loadings. People who believed in the United States would say as little as possible on such offensive topics, and stress the sure indications of easy money and rising stocks.

This attitude, regarded dispassionately, might seem to indicate curious inversion of purpose in the investment market, which for several centuries has been supposed to be the crucible in which the facts of a business situation, good or bad, are ascertained, tested, appraised and placed in their proper relation to quoted values. It is true that this office of the Stock Exchange was largely discarded between the middle of 1927 and the middle of 1929. Yet somehow Wall Street itself, in the larger classification, proceeded then and proceeds now with eager and intensive search for the actual truth in regard both to individual companies and to the general situation.

Even the speculative part of Wall Street may be returning, at least for a time, to that intelligent frame of mind. It is safe to say that in no other way can it reach trustworthy conclusions as to what the real meaning of the present business reaction is, what measures should be taken to meet it, and when it is likely to be overcome. The past three months have shown quite indisputably that something else was wrong with the economic situation a year ago than a mere outburst of mania on the Stock Exchange.

Whether prices of commodities even though not, except in one or two industries, pushed up like the price of stocks—had really become maladjusted to the actual position, or whether consumers had been indulging in illusions regarding their own purchasing power, in goods as well as share certificates, in either case we have been faced with an important economic revision. It would be singular exercise of judgment to ignore or reverse any statistical evidence which seemed to point to the nature of the problem, merely because it was not favorable. If general industry had adopted that rule of conduct after 1923, then last Autumn might have been another 1920.

Belief in the country's power to surmount the present difficulties is held by every competent reader of our history. Most of them hold that full recovery will not be as long deferred as in the sequel to our prewar panics. All of them agree that, in the long run, renewed industrial expansion in this country will carry its business activities and achievement to a higher plane even than was reached in 1928 and 1929. When the hour is approaching for a definite change from the present reactionary trend, however, it will be indicated by these very trade returns which speculative Wall Street has lately been trying to discountenance.

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