The Bargain Indicator

New Stocks Added to the List

NOTE.—Except where otherwise noted, earnings are herein computed for the *twelve latest* months available, thus keeping the table constantly up-to-date. Additions and betterments are included in the earnings as given, wherever they are so reported as to be distinguishable from ordinary expenses of maintenance, since earnings invested in the improvement of the property are usually of more value to the stockholders in the long run than if they had been distributed as dividends. Such additions and betterments out of current earnings increase the equity of the stockholders and therefore render the stock more valuable.

As this magazine is mailed to subscribers two or three days before it appears on the news-stands, subscribers get the first advantage of the Bargain Indicator.

IN response to numerous requests we have added a number of the less active stocks to the Bargain Indicator this month.

Railroads.

Toledo, St. Louis & Western is quoted in this issue without the benefit of dividends on its Alton common. No definite announcement has been made in regard to these dividends, but the time for the declaration has passed and Alton must be classed as a non-dividend-payer until something is said or done to the contrary.

Detroit United, which has stood near the head of the list several recent months, we have decided to drop for the present, as the political dangers and perplexities which surround this corporation make it impossible to judge the value of the stock by a mere calculation of earnings.

Denver & Rio Grande does not reach second position without a cloud upon its title thereto. It controls the Western Pacific and that road owes the Denver & Rio Grande $1,152,000 unpaid interest. It seems probable that the Western Pacific will be able to meet this claim without any special difficulty when it gets fairly to running, therefore the Denver annual report schedules the sum as "deferred income."

Lehigh Valley is traded in on the Philadelphia Stock Exchange. Its recent report shows very heavy earnings and at the price of $79 for a $50 share, it takes sixth place in the table.

Atchison common rises a few points on the showing made in the annual report recently made public.

Brooklyn Rapid Transit does not make as good a return for the second six months of its fiscal year as it did for the first half.

Chicago, Milwaukee & St. Paul has caused the statistician some perplexities this year as to the fairest method of computing its income. It has paid for the construction of the Puget Sound Extension out of its own pocket, so to speak, and the earnings from the Extension have been just coming in during the last six months. We have adopted the method of crediting these earnings up to the St. Paul proper as fast as they accrued. The St. Paul annual report, however, counts as income the full year's interest on the Puget Sound bonds held in the St. Paul treasury and arrives at earnings of 9 per cent. on par. Doubtless this is a fair conclusion, as there can be no serious question as to the Puget Sound's ability to pay the interest on these bonds.

Missouri Pacific's report shows the disappearance of an unexpected sum into the item "Interest, etc., including other deductions." This makes the earnings for the fiscal year equal to only 2.8 per cent. on the stock.

St. Louis Southwestern no longer earns more than the dividend to which it is entitled —5 per cent.—therefore it appears in the main section of the table.

Industrials.

American Agricultural Chemical common jumps to second place on its recent annual report. Its earnings of 10.4 per cent. on par are certainly very satisfactory.

International Mercantile Marine preferred is typical of a class of preferred stocks on which dividends are uncertain and which for that reason sell at a price low in comparison with their earnings. Buying such a security is a highly speculative operation, but purchases distributed among several such stocks and made at a time of general low prices will sometimes show surprisingly profitable results. However, this is not to be interpreted as a bull tip on Marine preferred.

Republic Iron & Steel's annual report gives evidence of a profitable year and the common stock rises to 14th place, with earnings of 14.2 per cent. on par.

American Locomotive preferred earned more than its dividend during the past fiscal year and is therefore dropped from the table. The common shows 1.3 per cent. on par.

American Hide & Leather preferred showed a large deficit according to the report. The antics of this stock are fresh in the memory of traders.