

stocks with turnover rates in excess of 10 percent (Westinghouse Electric, American Telephone & Telegraph, Gulf Oil, International Business Machines, Phillips Petroleum, and Socony Mobil), the number of quarters in which the funds accounted for more than 10 percent of the market trading ranged from three to seven with a median number of quarters of six. The funds' turnover rates were rather low, on the other hand, for those stocks in which the funds consistently accounted for a high percentage of market activity. Of the seven stocks, excluding Kennecott Copper, in which the funds' share of the market volume exceeded 10 percent in 10 or more of the 13 quarters, the annual turnover rates in the 1956-57 period varied between 2.3 percent and 7.2 percent, with a median rate of 5.2 percent.

There is little suggestion that the funds attained a high percentage of market activity in the individual stocks on either increases or decreases in volume. For four of the eight stocks in which the funds' share of the market volume exceeded 10 percent in 10 or more out of 13 quarters, the percentage share reached this relatively high level when the market volume declined in a larger number of cases than when it increased (table IV-90). For only two of the eight stocks the high percentage share of the market was attained when the market volume increased in a larger number of instances than when it declined. In the remaining two stocks, the high percentage share of the market was attained as frequently when the market volume rose as when it fell. Considering all 30 stocks, there were 14 stocks in which a market share exceeding 10 percent was attained more frequently when the market volume declined than when it rose, and there were 12 stocks in which the high market share was reached more frequently when the market rose. For the remaining four stocks the high percentage share of the market was attained as frequently when the market volume rose as when it fell. Of a total of 201 instances in which the funds accounted for over 10 percent of the quarterly market volume in one of the 30 stocks, 104 were occasions of declines in total market volume and 97 were periods of increases.

Considerable variation occurred in the actual percentage shares of the market acquired by the funds in each of these stocks, and some of the very large percentages, for example those of the utility companies (Central & South West and General Public Utilities) in 1958, are to be interpreted with caution, in view of the absence of precise knowledge as to the actual markets in which the funds' transactions were effected, and in view of the conventions adopted for purpose of analysis. It is noteworthy, however, that in the last three quarterly periods of the study, the funds accounted for a large share of market activity (in excess of 10 percent) in a consistently large number of stocks (19, 23, and 25 respectively). The greater number of high market shares in the quarterly periods here under study is an indication again that the funds' trading in this sample of high grade stocks has become more important both for the funds' total portfolio trading, and for the formation and structure of total market activity.

INVESTMENT FUNDS' NET PURCHASES OF EACH OF THE SAMPLE 30 STOCKS
IN RELATION TO MARKET PRICE CHANGES

The analysis of the funds' trading in the sample 30 stocks is directed in this section to changes in net purchases in relation to changes in the average market prices of the stocks. The data on which the analysis and conclusions have been based are summarized in tables IV-91 and IV-92. Table IV-92 summarizes the directions of change of the average monthly trading price of each of the stocks and compares this with the change during the same month in the net purchases of the stock by all investment funds combined.⁷⁰ While the patterns of price changes vary from one stock to another, it will be noted that as a whole the price variations assume the same general pattern as was indicated by the Dow-Jones industrial average in the earlier analysis of the investment funds' total stock portfolio activity. The price cycles of 1956 emerge in the individual stocks, though, of course, the timing is not uniform, and in the majority of cases a weaker price tendency appeared in the longer downswing in the second half of 1957 followed by firmer prices in the market upswing in 1958.

TABLE IV-91.—Summary of comparisons between changes in monthly average market prices and investment fund monthly net purchases of sample 30 stocks, August 1955 to September 1958

Stock	Number of months out of 38 possible instances in which specified relations were observed				
	Market price and fund net purchases changed in opposite directions	Market price increased and fund net purchases decreased	Market price decreased and fund net purchases increased	Market price and fund net purchases both increased	Market price and fund net purchases both decreased
	(1)	(2)	(3)	(4)	(5)
Aluminium Ltd.....	20	9	11	8	10
Amerada.....	13	5	8	15	10
American Telephone & Telegraph.....	23	14	9	8	7
Armco Steel.....	16	11	5	12	10
Atchison, Topeka & Santa Fe.....	16	5	11	13	9
Bethlehem Steel.....	17	11	6	13	8
Central and South West.....	20	13	6	9	9
Continental Oil.....	14	8	6	13	11
Du Pont.....	19	9	10	8	11
Firestone.....	21	14	7	11	6
General Electric.....	21	12	9	10	7
General Motors.....	15	7	8	12	11
General Public Utilities.....	22	11	11	8	8
Goodrich.....	23	12	11	7	8
Goodyear.....	18	11	7	12	8
Gulf Oil.....	22	11	11	10	6

¹ Including 1 month in which there was no change in net purchases. The sums of columns (2) through (5) will equal 38 unless there were months in which there was no change in net purchases. Column (6) plus column (7) will equal 38, as will also the sum of columns (8) through (11), unless there were months in which the funds had no transactions.

⁷⁰ The monthly change in the trading price of the stock has been taken for this purpose as the change in the average of the open, close, high, and low quotations for the month. This, therefore, is the same average monthly price as was employed in computing the monthly value of total market trading in the stocks, as employed in the foregoing analysis. Throughout this analysis a change from a net purchaser to a net seller position, or an increase in a net seller position is taken as a reduction of net purchases. Similarly, a change from a net seller to a net purchaser position, or a reduction of net sales is taken as an increase in net purchases.

TABLE IV-91.—Summary of comparisons between changes in monthly average market prices and investment fund monthly net purchases of sample 30 stocks, August 1955 to September 1958—Continued

Stock	Number of months out of 38 possible instances in which specified relations were observed					
	Funds were net purchasers	Funds were net sellers	Market price increased while funds were net purchasers	Market price decreased while funds were net purchasers	Market price increased while funds were net sellers	Market price decreased while funds were net sellers
	(6)	(7)	(8)	(9)	(10)	(11)
Aluminum Ltd.....	22	16	8	14	9	7
Amerada.....	30	8	17	13	3	5
American Telephone & Telegraph.....	19	19	11	8	11	8
Armco Steel.....	31	7	18	13	5	2
Atchison Topeka, & Santa Fe.....	14	23	8	6	10	13
Bethlehem Steel.....	14	24	9	5	15	9
Central and South West.....	20	14	11	9	8	6
Continental Oil.....	29	9	17	12	4	5
Du Pont.....	21	17	11	10	6	11
Firestone.....	31	6	22	9	3	3
General Electric.....	21	17	13	8	9	8
General Motors.....	19	19	14	5	5	14
General Public Utilities.....	22	15	10	12	9	6
Goodrich.....	10	28	5	5	14	14
Goodyear.....	34	4	20	14	3	1
Gulf Oil.....	29	9	16	13	5	4

Stock	Number of months out of 38 possible instances in which specified relations were observed				
	Market price and fund net purchases changed in opposite directions	Market price increased and fund net purchases decreased	Market price decreased and fund net purchases increased	Market price and fund net purchases both increased	Market price and fund net purchases both decreased
	(1)	(2)	(3)	(4)	(5)
IBM.....	22	15	7	12	4
International Paper.....	25	12	13	6	7
Kennecott Copper.....	12	6	6	12	14
National Lead.....	20	12	8	12	6
Phillips Petroleum.....	14	7	7	14	10
Shell Oil.....	17	11	6	13	8
Socony Mobil.....	19	9	10	10	9
Standard Oil (California).....	18	9	9	11	9
Standard Oil (Indiana).....	18	6	12	11	9
Standard Oil (New Jersey).....	24	11	13	8	6
Texas Co.....	20	11	9	11	7
Union Carbide.....	20	10	10	10	8
United States Steel.....	15	9	6	15	8
Westinghouse.....	18	7	11	10	10

TABLE IV-91.—Summary of comparisons between changes in monthly average market prices and investment fund monthly net purchases of sample 30 stocks, August 1955 to September 1958—Continued

Stock	Number of months out of 38 possible instances in which specified relations were observed					
	Funds were net purchasers	Funds were net sellers	Market price increased while funds were net purchasers	Market price decreased while funds were net purchasers	Market price increased while funds were net sellers	Market price decreased while funds were net sellers
	(6)	(7)	(8)	(9)	(10)	(11)
IBM.....	30	8	20	10	7	1
International Paper.....	20	17	9	11	9	8
Kennecott Copper.....	15	22	8	7	9	13
National Lead.....	23	13	15	8	7	6
Phillips Petroleum.....	18	20	12	6	9	11
Shell Oil.....	19	18	14	5	9	9
Socoyn Mobil.....	21	17	12	9	7	10
Standard Oil (California).....	28	10	15	13	5	5
Standard Oil (Indiana).....	29	7	15	14	2	5
Standard Oil (New Jersey).....	27	11	14	13	5	6
Texas Co.....	34	4	20	14	2	2
Union Carbide.....	17	21	10	7	10	11
United States Steel.....	29	9	21	8	3	6
Westinghouse.....	20	18	10	10	7	11

TABLE IV-92.—Changes in average monthly market prices and changes in open-end investment fund monthly net purchases of each of sample 30 stocks, August 1955 to September 1958

Year and month	Aluminium Ltd.		Amerada		American Telephone & Telegraph		Armco		Atchison, Topeka & Santa Fe	
	Price	Net purchases	Price	Net purchases	Price	Net purchases	Price	Net purchases	Price	Net purchases
1955—August.....	(-)	(-)	(-)	(-)	(-)	(+)	(-)	(-)	(-)	(+)
September.....	(+)	(+)	(-)	(+)	(-)	(-)	(-)	(-)	(+)	(+)
October.....	(+)	(+)	(-)	(+)	(-)	(-)	(-)	(-)	(+)	(+)
November.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
December.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
1956—January.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
February.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
March.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
April.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
May.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
June.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
July.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
August.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
September.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
October.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
November.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
December.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
1957—January.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
February.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
March.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
April.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
May.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
June.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
July.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
August.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)
September.....	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)

TABLE IV-92.—Changes in average monthly market prices and changes in open-end investment fund monthly net purchases of each of sample 30 stocks, August 1955 to September 1958—Continued

Year and month	Bethlehem Steel		Central and South West		Continental Oil		Du Pont		Firestone	
	Price	Net purchases	Price	Net purchases	Price	Net purchases	Price	Net purchases	Price	Net purchases
1955—August.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
September.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
October.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
November.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
December.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
1956—January.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
February.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
March.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
April.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
May.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
June.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
July.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
August.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
September.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
October.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
November.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
December.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
1957—January.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
February.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
March.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
April.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
May.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
June.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
July.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
August.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
September.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
October.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
November.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
December.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
1958—January.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
February.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
March.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
April.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
May.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
June.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
July.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
August.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)
September.....	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(+)	(+)

¹ No change.

TABLE IV-92.—Changes in average monthly market prices and changes in open-end investment fund monthly net purchases of each of sample 30 stocks, August 1955 to September 1958—Continued

Year and month	Gulf Oil		International Business Machines		International Paper		Kennecott Copper		National Lead	
	Price	Net purchases	Price	Net purchases	Price	Net purchases	Price	Net purchases	Price	Net purchases
1955—August.....	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(+)	(-)	(+)
September.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
October.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
November.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
December.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
1956—January.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
February.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
March.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
April.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
May.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
June.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
July.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
August.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
September.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
October.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
November.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
December.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
1957—January.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
February.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
March.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
April.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
May.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
June.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
July.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
August.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
September.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
October.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
November.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
December.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
1958—January.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
February.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
March.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
April.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
May.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
June.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
July.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
August.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
September.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)

TABLE IV-92.—Changes in average monthly market prices and changes in open-end investment fund monthly net purchases of each of sample 30 stocks, August 1955 to September 1958—Continued

Year and month	Standard Oil (New Jersey)		Texas Company		Union Carbide		United States Steel		Westinghouse Electric	
	Price	Net pur- chases	Price	Net pur- chases	Price	Net pur- chases	Price	Net pur- chases	Price	Net pur- chases
1955—August.....	(+)	(+)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
September.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
October.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
November.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
December.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
1956—January.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
February.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
March.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
April.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
May.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
June.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
July.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
August.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
September.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
October.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
November.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
December.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
1957—January.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
February.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
March.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
April.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
May.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
June.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
July.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
August.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
September.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
October.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
November.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
December.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
1958—January.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
February.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
March.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
April.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
May.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
June.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
July.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
August.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)
September.....	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(+)

NOTE.—Price of each security was computed as an unweighted arithmetic mean of the opening, high, low, and closing prices during the month.
 Net purchases of funds was computed as a dollar figure.
 (+) Increase.
 (-) Decrease.

The analysis summarized in table IV-91 indicates that the contra-market tendency previously noted in the funds' trading in all common stock combined does not emerge in the case of these individual and relatively important stocks. The first column of the table records the number of months out of a possible 38 between August 1955 and September 1958 in which the market prices of the stocks and the funds' net purchases moved in opposite directions. The evidence suggests neither a general contramarket nor a general promarket relation. Net purchases changed in a direction opposite to that of the change in market price for over half of the months in 14 of the 30 stocks, and for less than half of the months in the same number of stocks (14).

In the two other stocks net purchases moved in the same direction as the market price as often as they moved against it.⁷¹

It was found in the earlier analysis of the monthly changes in the funds' aggregate net purchases of common stocks⁷² that a positive relation appeared between the monthly change in net purchases and the direction of change of the Dow Jones industrial average in the preceding month. In 38 months examined the funds' net purchases moved in the same direction as the market average price level in the preceding month in 23 instances, and against the market in the current month in 25 instances. The funds' trading behavior could well be as influenced by one of these sets of market price developments as the other. The subsequent quarterly analysis of changes in net purchases, after adjustment for a computed new money inflow factor, afforded a slight confirmation of the tendency for the funds to follow recent market price developments in this manner. A comparable analysis is summarized in table IV-93, therefore, indicating, for each of the sample 30 stocks examined in this section, the number of months out of a possible 37 (between September 1955 and September 1958) in which the direction of change in the funds' net purchases of each stock (a) differed from the change in the price of the stock in the current month, and (b) coincided with the change in the price of the stock in the preceding month. A test of the contra-current-market hypothesis shows the relationship confirmed, on the basis of table IV-93, in a majority of the 37 months for 16 of the 30 stocks. The table shows that the supporting-recent-trend hypothesis is confirmed in a majority of the 37 months for 14 of the 30 stocks. Of the 30 stocks, 7 show some tendency to support both hypotheses. Nine others support only the contra-current-market hypothesis, another seven give some confirmation of the second, while the remaining seven support neither hypothesis. The evidence thus casts considerable doubt on the relevance of either hypothesis for these 30 stocks. The conclusion that the funds' total trading showed some tendency to conform to these hypotheses may be justified, but the funds did not show any general tendency to conform to the same pattern for these specific stocks.

⁷¹ The analysis in this section is concerned with monthly changes in the absolute dollar values of the funds' net purchases of stocks. The analysis of the directions of change of the funds' relative shares of the market in these stocks (taken as the percentage of their total dollar purchases to the computed dollar values of the total New York Stock Exchange trading) gives very similar results, and will not be presented in detail in the text. It was found that, for the 30 stocks under study, the number of months out of the possible 38 in which the funds' purchases as a percentage of the total New York Stock Exchange volume changed in a direction different from the change in their actual net purchases ranged from 0 to 6, with a median value of only 2. The direction of change of actual net purchases is therefore taken as an approximation also to the direction of change of market share. The divergences which do appear, moreover, may be produced in part by the approximations employed in the foregoing to measure market shares. Firstly, the market share is based on relative dollar values of purchases and sales, rather than on the numbers of shares traded. It was not possible to obtain a continuous series for the latter on the basis of the data available for this study. No information was available regarding the funds' purchases of old and/or new shares in those months in which trading took place on a "when issued" basis. Secondly, the total value of trading on the New York Stock Exchange was computed by multiplying average trading prices (average values of opening, closing, high and low price quotations) by the total reported volume traded. The investment funds' computed shares of the market, therefore, will be influenced by the timing of their transactions during any given month and by the actual prices at which such transactions were effected. The measure of market share employed in the foregoing, moreover (percentage of New York Stock Exchange volume) is not to be taken as an actual measure of the funds' relative participation in that particular market, as no information is available at this point regarding the distribution of the funds' transactions over various market channels.

⁷² See tables IV-81 through IV-83 and relevant text above.

TABLE IV-93.—*Summary of comparisons between changes in monthly average market prices and changes in investment fund monthly net purchases of sample 30 stocks, September 1955 to September 1958*

Stock	Number of months out of possible 37 in which direction of change of fund net purchases	
	Differed from change in same month's price	Coincided with change in previous month's price
Aluminium Ltd.....	20	14
Amerada.....	13	19
American Telephone & Telegraph.....	22	16
Armco Steel.....	16	20
Atchison, Topeka & Santa Fe.....	15	15
Bethlehem Steel.....	17	16
Central & South West.....	20	18
Continental Oil.....	13	23
Du Pont.....	19	23
Firestone.....	21	20
General Electric.....	21	21
General Motors.....	15	18
General Public Utilities.....	21	16
Goodrich.....	23	19
Goodyear.....	17	15
Gulf Oil.....	21	17
International Business Machines.....	22	16
International Paper.....	24	22
Kennecott Copper.....	12	19
National Lead.....	19	21
Phillips Petroleum.....	14	19
Shell Oil.....	16	16
Socony Mobil.....	19	18
Standard Oil of California.....	18	19
Standard Oil of Indiana.....	18	13
Standard Oil of New Jersey.....	24	15
Texas Co.....	19	17
Union Carbide.....	20	23
United States Steel.....	15	18
Westinghouse Electric.....	17	21

Either or both of these tentative explanations of the funds' portfolio action may have some relevance for specific issues and their effect in the present analysis may be obscured by other motivating factors. As was pointed out earlier, the funds' portfolio action in securities of differing types will depend on their managers' varying predilections for risk bearing and for income realization, and on the length of the time horizon of their market and economic forecasts. Some light was thrown on these latter questions by the comparative portfolio analysis in the opening sections of this chapter.

The analysis of this section, based on the sample 30 stocks, therefore, suggests the following tentative conclusions: Firstly, the appearance of a contramarket tendency which emerges when the funds' total stock transactions are considered is considerably weakened when attention is focused on this representative group of stocks which occupy a significant share of the funds' portfolios and in which the funds' trading is a significant share of both their total stock trading and the total market activity in the stocks; secondly, the funds' share of the total market activity in common stocks has been increasing noticeably in recent years, and their market share in the sample of high-grade stocks has increased quite sharply during the latter stages of the study period.