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Outstanding Record

I have been holding Monsanto Chemical Co. stock for some time, and it shows me a good profit at its current price of 76. Will you be good enough to summarize the situation of this company and the prospects for the stock?
C. F. T.

Few industrial enterprises can match the record of Monsanto Chemical Co. during recent years. Not only was it able under the worst depression conditions to retain a sizable portion of the earning power registered in the prosperous 1920s, but with the earnings base substantially broadened by virtue of vigorous prosecution of an expansion program—carrying it from the relatively stable medicinal chemical field into manufacture of heavy chemicals—it has since attained to a profits stature overshadowing that of any previous year. Adjusted to the 864,000 capital shares outstanding after payment in April, last year, of a 100% stock dividend, share earnings rose to \$3.21 in 1934, from \$2.57 in the preceding 12 months, which compared with \$1.19 in 1932. And further projection of the earnings uptrend thus far this year combines with prospects for the period directly ahead to suggest the likelihood of results for the full year marking a new high record.

Through more recent further expansion of properties, Monsanto Chemical Co. has increased to 959,554 the number of outstanding capital shares, which are outranked by \$913,000 10-year notes, and by \$1,940,000 preferred stock issued late in 1934 by the British subsidiary incident to substantial increase in producing facilities. Liquid resources are in excellent order; and while proposed outlays of additional sizable sums on properties probably will serve to delay upward revision of the \$1 annual dividend rate, stockholders seemingly can expect continuation of moderate "extra" disbursements. Although having accorded considerable recognition to recent past and immediately prospective earnings gains in its rise to current level of 76, the stock does not appear extravagantly appraised in relation to chemical company equity issues as a group. Nor is it without interesting possibilities for profit to one genuinely optimistic on prospects for industrial trends from here out.

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