

Financial Desk; D
DOW GAINS SLIGHTLY, TO 928.56

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Takeover stocks thundered back into popularity yesterday as Colt Industries, the session's biggest winner on Wall Street, soared more than 20 points. The Dow Jones industrial average, after plunging 34 points over the three previous trading days, rose 3.90 points, to 928.56.

This slight recovery in the Dow, reflecting gains of over 1 point each in Allied Corporation and Minnesota Mining, was at variance with the market's overall performance, as losers outpaced winners by about 3-to-2.

Volume contracted to 41.8 million shares from Wednesday's 47.5 million. Colt, climbing 21 1/8 points, finished at 84 1/4. This phenomenal advance marked the stock's initial response to an agreement whereby the Penn Central Corporation would acquire Colt for \$100 a share in cash or stock. Colt is a diversified manufacturer of industrial equipment and other products.

Penn Central, meanwhile, fell 2 1/2 points, to 43 1/8. This followed the typical takeover pattern whereby shares of the acquiring company usually fall in the immediate reaction to a bid while the stock price of the target company rises. In some cases, the drop is explained by a potential dilution in earnings for the acquiring company.

Elsewhere on the merger scene, Conoco traded more than 1.8 million shares for the second straight day as its stock jumped 3 5/8, to 87 1/2. Joseph E. Seagram & Sons raised its bid for 51 percent of Conoco's stock to \$92 a share from \$85.

Seagram declined 1 1/8, to 53 3/4. As for Conoco's two other announced suitors, Du Pont eased 1/4, to 44 1/2, while Mobil rose 3/8, to 30.

Apart from the takeover scene, oil companies continued to show wide variations in their second-quarter profit reports. Merrill Lynch has estimated that earnings would decline by an average of 4 percent in this period for 11 major domestic companies. "The industry appears to be making painfully slow progress in recovering from the deterioration in operating conditions that materialized earlier this year," the brokerage firm said. It forecast a profit rebound in 1982.

Among other energy stocks rumored repeatedly as possible takeover targets, Cities Service gained 2 3/8, to 57 3/8, and Kerr-McGee rose 2 points, to 79 1/2.

International Business Machines sold as low as 54 1/2, its lowest price in the past 12 months, before finishing at 54 7/8, down 1/4. This means that I.B.M. is trading at around the same price, after adjusting for a 4-for-1 stock split in 1979, as six years ago. It sold as high as 72 3/4 last November, but recent weakness partly reflects scaled-down earnings estimates for 1981 by some analysts.

The American Stock Exchange's market value index gained 1.78, to 364.73. The Sierracin Corporation fell 1 1/4, to 12 3/8, after showing a sharp drop in quarterly profits. The Nasdaq composite index edged ahead 0.25, to 206.41.

Illustrations: diagram of the market profile for Thursday, July 23, 1981

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