Technical Market Action

Volume dried up again on Wednesday with a turnover of only 520,000 shares for the entire day. The rails, due mainly to a rise of almost three points in Santa Fe, closed 10 cents higher at 61.00. At the day's high of 61.50, the rails were within shooting distance of the August 5th high of 62.14. The industrials showed a fractional loss of 17 cents at 182.41.

The market continues to appear oversold and on the verge of an upside breakout. Ability to cross the August 5th highs of 184.54 and 62.14 would be of considerable bullish significance.

Continued below are comments from recent issues of Standard & Poor's "Facts & Forecasts" on issues in my recommended list. The comments in parentheses in heavy type are my own technical opinions.

E.W.BLISS COMPANY common is highly speculative, with sales and earnings subject to sudden shifts. However, with the outlook favoring a turn in the trend of new business before long, the management aggressive and current prices for the split stock making allowance for lower profits, the shares have appreciation possibilities. The dropping off in orders for new presses is attributed mainly to the steel shortage, which discourages expansion, and to resistance of customers to accepting a price liability at the time of shipment, since the intervening period may be fairly long as the company's order backlog still is large. It is believed that the trend of bookings will improve as the steel supply situation gets better, and the backlog is reduced. (THIS ISSUE HAS BUILT UP A TECHNICAL PATTERN THAT SUGGESTS AN ABOVE-AVERAGE PRICE RISE. NOW AROUND 14.)

HUDSON MOTOR CAR. Hudson's plants have been shut down because of a supplier strike. However, once this is settled, production of advanced models should recover sharply. Moreover, barring the imposition of serious government restrictions on steel use, further gains are likely when the leased sheet steel mill gets into large-scale operation and permits eased supplies. On this basis, and with facilities expanded and prices advanced, a good gain in 1948 sales, probably to an all-time peak, is indicated. The 11% price markup effected when new models were introduced was followed by a further rise in late June to offset higher costs. Thus, despite large amortization charges, satisfactory margins and a sharp gain in profits to between $4.50 and $5 a share are indicated for 1948. While large capital needs will dictate a conservative policy, an increase in the 10-cent quarterly dividend or further extras are likely. (AT AROUND PRESENT LEVELS, HUDSON APPEARS TO BE AN EXCELLENT SPECULATION; THERE IS NO HEAVY OVERHEAD RESISTANCE UNTIL THE 26-28 AREA.)

JOY MANUFACTURING. Mining industry replacement and expansion needs, accelerated by high labor costs, are substantial, indicating good earnings over the next few years. Moreover, because mechanization of mining is relatively new, growth prospects are promising, while competition from used equipment is no factor. As of May 1, 1948, unfilled orders for coal mining machinery represented from ten to twelve months' production of the company's plants. A continuous coal mining machine and hard rock mining unit has been introduced. Moderately higher profits are indicated for the fiscal year ending September 30, 1948, but the larger number of shares outstanding probably will reduce share net to $7.-$7.50. With the outlook promising for 1948-1949 and beyond, dividends should remain at the 60 cent quarterly rate, at least. (JOY APPEARS TO BE IN A SLOW BUT DEFINITE UPTREND. PURCHASE IS ADVISED IN 35-36 AREA.)

KOPPERS CO. Within another decade company is likely to derive the bulk of its profits from chemical activities. At least the shape of growth and capital expenditures is following these lines. This is not to say that the management is giving up its primary position in coke oven construction, steel plant engineering, coke and gas, wood-preserving, foundry products and special machine work, to mention the major products, but the principal post-war accent has been on growth of the various aspects of coal-tar derivatives. The point of Koppers becoming more and more identified with the chemical industry is that fairly wide price-earnings ratios are the rule rather than the exception for this group of equities. Thus, on estimated $6 a share earnings this year, the issue has a good measure of appeal. (FROM A TECHNICAL VIEWPOINT, STOCK APPEARS TO BE IN A GRADUAL BUT DEFINITE UPTREND. PRESENT PRICE APPROXIMATELY 33-34.)

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