

Walston, Hoffman & Goodwin

INVESTMENT SECURITIES

SAN FRANCISCO • NEW YORK • LONG BEACH • EUREKA
FRESNO • MODESTO • OAKLAND • STOCKTON



BAKERSFIELD • RIVERSIDE • LOS ANGELES • SACRAMENTO
SANTA ANA • VALLEJO • SAN JOSE

TABELL'S MARKET LETTER

35 WALL STREET, NEW YORK 5, N. Y.
Dlgb 4-4141

Our bullish attitude of the past few weeks has been justified as the averages have now broken out on the upside of the trading ranges of the past two months. The penetration by the industrials was quite decisive but the rails have not fully confirmed the upswing. The rails have been relatively backward in the stronger markets of the last few days but ability to reach 55 would fully confirm the bullish pattern of the industrial average. The utility average and the 65-Stock Combined average have also reached new territory as have the New York Herald-Tribune average and the New York Times average.

The minor term trend is now indicated as up. The bases formed by the trading range of the past two months indicate an initial objective of 183-187 on the industrials and 57-58 on the rails.

Listed below are the comparable upside objectives of a number of leading individual issues. The first column is the breakout point that must be reached before the objective in the second column is indicated:

	Confirmation Point	Objective
American Can	83	89
Atchison, Topeka & S. F.	104	114-118
Celanese	33	37
Chrysler	56	58-61
Deere & Co.	36	41
Douglas	54	60
DuPont	184	194-196
Goodrich	62	65-68
Illinois Central	32	35-37
Jones & Laughlin	34	36-38
Kansas City Southern	43	47
Montgomery Ward	59	62
Schenley	31	35-38
Shell Union Oil	41	47
Southern Pacific	52	55
Standard Oil of New Jersey	75	82
U. S. Steel	73	75-78

These objectives, together with those for the averages, are obviously for a shorter term move. When these objectives are reached would expect a correction and a further broadening of the base pattern prior to a resumption of the longer term advance.

EDMUND W. TABELL

January 7, 1949

WALSTON, HOFFMAN & GOODWIN

TECHNICAL MARKET ACTION
Walston, Hoffman & Goodwin

INTERNATIONAL MINERALS & CHEMICAL CORP.

International Minerals & Chemical derives the bulk of its sales from superphosphate fertilizers, mixed and complete fertilizers, phosphate rock and potash. Demand for fertilizer has increased greatly in recent years as is indicated by the sales trend which increased from \$11.7 million in 1939 to over \$50 million in 1948.

Despite narrowing margins the earnings trend has also been upward having shown \$5.85 a common share in the fiscal year ended June 30, 1948 as compared with \$4.35 in 1947, \$3.92 in 1946 and \$2.76 in 1945. For the first three months of the current year ended September 30th, common per share earnings amounted to 87¢ vs. 33¢ for the like period in the previous fiscal year. Further sales gains are indicated during the coming months and earnings for the full year should compare favorably with those shown in the preceding year.

Anticipating a further increase, the company recently increased its dividend rate from 40¢ quarterly to 50¢ quarterly. On the annual indicated \$2.00 dividend the stock at present levels gives a yield in excess of 7%. The stock has a very strong long term technical pattern with a slowly ascending uptrend. The high of the past two years is 38. The stock reached 45 in 1946. The potential long term objective is above 60. The shorter term pattern is also attractive. A potential base area has been built up in the 25-28 range with an objective of 35-38.

ELECTRIC POWER AND LIGHT CORPORATION

Electric Power & Light Corporation is a public utility holding company owning 94.9% or 10,108,101 common shares of United Gas Corporation, and the common stocks of four electric operating companies.

Under the proposed plan these electric companies will form a new holding company known as Middle South Utilities, Inc., with an initial capitalization of 4,400,000 shares of common stock. Imminent approval by the SEC of Electric Power and Light's amended reorganization plan is expected. The following tabulation shows pertinent data and treatment of various classes of securities:

<u>Allocations</u>					
<u>Securities</u>	<u>Approx. Market</u>	<u>United Gas Common</u>	<u>Middle South Common</u>	<u>Accruals 1/3/49</u>	<u>Est. Workout Values</u>
\$7 1st pfd.	156	6.5 shs.	4.5 shs.	\$ 89.71	\$191 - 200
\$6 1st pfd.	140	5.9 shs.	4.1 shs.	76.90	174 - 182
\$7 2nd pfd.	148	6.25 shs.	4.3 shs.	117.25	183 - 192

The remaining assets would be distributed to holders of Electric Power & Light's common stock and warrants. For purposes of distribution, the warrants would be treated as 1/3 of a share of common stock. At present estimated values the common stock of Electric Power & Light would be worth approximately \$29 a share. * * * The stock has been building up an almost perfect technical pattern for the last two to two and a half years. The stock reached a high of 23 in mid-1948 and since that time has been backing and filling in the 19-23 area. There seems to be a floor at 19 and ability to penetrate the 1948 high would indicate 28-30.

Walston, Hoffman & Goodwin
INVESTMENT SECURITIES

BAKERSFIELD
BEVERLY HILLS
EUREKA
FRESNO
LONG BEACH
MODESTO
OAKLAND
PASADENA



SAN FRANCISCO 4, CALIF.
265 Montgomery Street

35 WALL STREET
NEW YORK 5, N. Y.

LOS ANGELES 13, CALIF.
550 South Spring Street

RIVERSIDE
SACRAMENTO
SAN DIEGO
SAN JOSE
SANTA ANA
STOCKTON
VALLEJO