



TABELL'S MARKET LETTER

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Weakness in the commodity markets has brought the stock market sharply below the trading range which it had occupied for the past four weeks. The industrial average reached an intra-day low of 172.91 on Tuesday, as against a low of 170.35 on November 30, 1948. The rails at their low of 49.43 decisively penetrated the comparable November low of 51.91. In spite of the disappointing action of the market I see no reason to change the forecast for 1949 as stated in my letter of December 15, 1948. I repeat below that forecast -

"To sum up, I again predict that the market will reach its low point for 1949 in the first three months of the year. I do not believe the low will be much, if any, lower than the November, 1948 low of 171, and that it will certainly be above 160. I am still of the opinion that the range of the last twenty-eight months, between 160 and 195 in the industrial average, is an accumulation area and will eventually result in a price level somewhere around 240-250. This fundamental pattern has not been changed by the results of the election. It has, however, been delayed. The market during the later part of 1949 should approach or pass the 1946 highs of 213 and be on the way to the aforementioned level."

As for the short term action, the market has been in an oversold position for eight hours on my technical action indicator. However, as yet there has been no buying signal. Such a signal would be given if on Wednesday the market were able to reach, on an hourly average, a level above 174.73 on the industrial average. As for the rails, they are now in a very strong support level between, roughly, 50 and 48.

Regardless of the short term action of the market, I still continue in the belief that the market is in a buying range in or close to the 170-160 area. This has been my advice since September 1946.

As for individual issues, I favor the stocks listed below. These stocks have been covered in previous letters or will be covered shortly. I believe these issues offer better than average appreciation prospects over the intermediate term. Thumbnail sketches are available on those issues marked with an asterisk -

	Closing 2/8/49		Closing 2/8/49
*American Cyanamid	36 3/4	*Inter.Min. & Chem.	25 1/8
*American Home Prod	25 1/4	Joy Manufacturing	36
Avco	6 3/8	Lowenstein	21 3/8
*Borg Warner	48 3/8	*Paraffine Co	17 1/4
Burlington Mills	17	*Penn-Dixie-Cement	18 3/8
*Cities Service	40	*Pressed Steel Car	7
*Cooper Bessemer	26 1/8	Radio Corp	11 7/8
Denver & Rio Grande	23 1/8	St. Regis Paper	7 3/4
Eastern Airlines	14 1/8	Schenley	26 3/4
*Elec. Power & Light	21 5/8	Sears Roebuck	36 1/2
*Firestone Tire	46	Sharon Steel	33 3/4
Firth Carpet	16 1/2	Shell Union Oil	32
Flintkote	24 3/4	Sperry Corp	25 1/4
*Fruehauff Trailer	19	*Standard Steel Spring	14 1/2
Hewitt Robins	20	*Sylvania Electric	20 3/4
Holland Furnace	24	*White Sewing Machine	19 1/2
		*Youngstown Sheet & T	68 1/8

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WALSTON, HOFFMAN & GOODWIN

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