

**TABELL'S MARKET LETTER**35 WALL STREET, NEW YORK 5, N. Y.
Dlgy 4-4141

The majority of issues in our recommended list continue to show above average market action. There are brief analytical resumes of each of these issues available upon request. These brief thumbnail sketches are concerned mainly with the fundamental background of the issue discussed. Usually, there is brief analysis of the technical market action at the end of the sketch. I am starting below a more complete summary of the technical market action of each issue. As I have stated before, I believe the soundest method of appraising possible future market action of an individual stock is a combination of the fundamental or statistical factors together with the technical or supply-and-demand factors.

American Cyanamid (40). The stock dropped sharply from the 63 3/4 high in the Summer of 1946 to reach a low around 42 three months later. A sharp rally back to 55 in December was followed by a new low at 40 in May, 1947. After that there were sporadic rallies back to 48 but the stock was in a quite definite downtrend until the low of 33 1/4 was reached in February 1948. Since that time, the action has definitely improved and the stock appears to be in a slow uptrend. The downtrend lines from the 1946 tops have broken and the stock shows better than average action. The whole area of 30-40 is a very strong long term support area. Ability to reach 44 would be a very constructive signal and indicate the possibility of an initial advance to the 50-55 level. The point to watch on the downside is 37. Failure to hold at that point and a decline to 36 would destroy the potentially favorable pattern and indicate a return to the lower thirties. This would be disconcerting from a timing point of view rather than from the danger of a decline to much lower levels. Advise purchase of this stock as a semi-investment equity.

American Home Products (26 5/8). This issue reached a high of 43 1/4 in 1946 on an adjusted price basis. The distributional top outlined in the 43-35 range indicated a decline to 24-18. The stock reached a low of approximately 23 in 1947 then held in the 23-26 range until February 1948 when a sharp dip carried the stock down to 20 7/8. The stock quickly returned to the 23-26 trading range in which it held until recently. The pattern of the lows of 23-21-23 and a top of 26 is a strong potential technical pattern. The recent upside penetration to 27 is a technical confirmation of the potentially bullish pattern. Would expect an upswing to 32-35 before much upside resistance is encountered. The stock is a rather slow moving semi-investment issue but the price trend appears to point toward higher levels.

American Seating (27). The 1946 distributional area in the 33-30 range indicated a decline to the 18-13 area. A low of 15 1/4 was reached in 1947. Since that time the stock has been working gradually higher. For the last nine months it has held in an area bounded roughly by 23 and 28. This obviously has been better action than the general market. At 28, the stock meets the overhead supply in the 27-33 range in which the stock held for ten months during 1945-1946. The technical pattern suggests an ultimate penetration of the overhead resistance and new high territory. A decline below 23 would destroy the pattern. Consider this issue a very attractive speculation.

The above summaries of the technical market action of three recommended issues are examples of the technical approach. In addition to analyzing the technical pattern of recommended issues, or issues which we believe should be sold, it is our function to analyze the technical patterns of issues in which our clients or potential clients are interested. We welcome your inquiries.

EDMUND W. TABELL

WALSTON, HOFFMAN & GOODWIN

April 8, 1949