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TABELL'S MARKET LETTER

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With both averages breaking into new low territory for the year, the downtrend which has been in effect since June, 1948 has again been re-confirmed. Wednesday's lows were 166.53 in the industrials and 44.12 in the rails. However, both averages remain in the thirty-three month range of 195-160 in the industrials and 68-41 in the rails. The industrial low was reached at 160.49 in October, 1946 and the rail low was reached in May, 1947 at 40.43. The 170-160 area has been entered on at least a dozen occasions during the past thirty-three month period and there has been a tremendous turnover of stock in the range. It should furnish an area of strong support.

Actually the slow downdrift in the average since June has concealed the true pattern of the market. While the averages and certain groups have been working lower, other groups have been under accumulation and others have been in an uptrend. This diverse action is expected to continue.

The seasonal pattern favors a rise from the May-June lows. In the past, such a rise has usually been a minimum of 10%. This is in line with the thought of some economists that there will be a temporary reversal in the F.R.B. business index within a short time. This rise will be led by the consumers' non-durable goods group.

While the market has not yet given a definite oversold signal, the technical indications are near such a point. A selling climax down to the 165 area may be necessary before a turn. However, the low volume on this decline, the lowest of the various declines since September, may signal an immediate drying up of the selling.

EDMUND W. TABELL

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