



TABELL'S MARKET LETTER

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The market appears to have reached an area of temporary resistance in the 180-181 range. Our price objective for the first phase of the advance has been the 180-183 area. However, the market shows no signs of a weakened technical condition and any correction should be moderate with individual stocks continuing to show above average action.

Regardless of the action of the averages, selection of the right individual issues will continue to be the difference between stock market gains and losses. A perusal of action of individual groups and issues over the past three years plainly shows that this period has been one of extreme selectivity. This action will most likely continue until the piece-meal adjustment in our economy has been completed in industry after industry. In the meantime technical market action indicates that regardless of the near term fluctuations of the averages, there will become available outstanding purchases from both a value and yield basis. We will endeavor to draw your attention to these individual issues in subsequent letters.

In the meantime, it would seem advisable to take advantage of the current strength in the general market to switch out of some of the issues in our recommended list. These issues fall into three categories: (1) Issues that show fair profits and temporarily appear to have reached their upside objectives; (2) issues that have shown uncertain action and do not have, at the present, a clear technical pattern; (3) issues that have shown relatively unfavorable market action and give no indication of important nearby turn.

In the first category I would include Cooper Bessemer, Flintkote, S.S.Kress, Sears Roebuck, Sunshine Biscuit and White Sewing Machine.

In the second category I would include Bendix Aviation, Eastman Kodak, Firestone Tire, Fruehauf Trailer, Joy Manufacturing, Paraffine, Sylvania Electric and Youngstown Sheet & Tube.

In the third category, I would include Bigelow Sanford, Firth Carpet, Holland Furnace, Sharon Steel and Wheeling Steel.

I would continue to hold the remaining issues in my recommended list. They all continue to show favorable action, or at least average action.

The better grade issues include Addressograph Multigraph, Allis Chalmers, American Cyanamid, American Home Products, American Seating, Borg Warner, C.I.T. Financial, Commercial Credit, Endicott-Johnson, Federated Department Stores, General Time, Hewitt-Robins, Intertype, Johns Manville, Kresge, Phelps Dodge, Shell Union Oil, Sperry Corp. and Standard Steel Spring.

The more speculative issues include American Airlines, American Power & Light, Avco, Brooklyn Union Gas, Budd Company, Carrier Corp., Cities Service, Combustion Engineering, Continental Baking, Denver & Rio Grande, Distillers-Seagram, Eastern Airlines, International Minerals & Chemical, Lowenstein, McKesson & Robbins, Niagara Hudson, Penn-Dixie-Cement, Pressed Steel Car, Radio Corporation, Reynolds Metals, St. Regis Paper, Schenley, Shamrock Oil & Gas, Standard Gas \$4 preferred, Studebaker, Sunshine Mining, United Merchants and Western Pacific.

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