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TABELL'S MARKET LETTER

The market moved in a rather wide range during the past week. The industrial average reached a low of 225.39 and a high of 232.01 while the rails ranged between 68.57 and 71.31. While the rails fractionally penetrated the early October high, the industrial average has as yet been unable to move above the 232.50 high of October 6th. If this average fails to confirm the rail strength, the week's low of 225.39 will become an important downside point to watch.

I believe the market is in the process of forming an intermediate top. Some more time may be spent in the 235-225 range but would continue to take profits as individual issues reach their upside objectives.

Below is a report on some of the issues in my recommended list:

CELANESE CORP. closed at $39\frac{1}{2}$ on Friday. The recent high was $40\frac{1}{4}$. The stock was recommended in July at around 32. The stock is in a long term uptrend. Some consolidation appears needed and in the event of a general market decline the stock might move lower. Would buy on all dips as the longer term pattern indicates substantially higher levels.

CROWN ZELLERBACH was recommended at 33 earlier in the year and at around 32 in July. The recent high was $43\frac{1}{2}$. The upside objective is 45. At present levels, the stock is close to this objective.

DENVER, RIO GRANDE & WESTERN was recommended for purchase at around 28 in July. The stock reached a high of $38\frac{1}{4}$ on Thursday. The short term indication was 37 which has been slightly overreached. However ability to penetrate the 1948 high and reach 39 would indicate a further extension of the rally to the 47-56 area. Agile traders might take profits and re-purchase on a decline or on ability to reach 39.

DISTILLERS-SEAGRAM was originally recommended at 15 and again at around 17 in July. The stock reached a new high on Thursday at $26\frac{3}{4}$. Some consolidation may be needed, but the first indication is 32 followed by a later 40. Would take advantage of price declines to purchase this issue. There is good support at 23-24.

GOODALL-SANFORD was recommended in July at around 14. A high of $19\frac{1}{2}$ was reached on Wednesday. This stock has been building up a strong potential base pattern in the 14-19 range. Ability to reach 20 would indicate an uptrend to 24 followed by a later 31. Before an upside penetration occurs, a general market decline might carry the stock lower and broaden the base. Would buy on declines or on ability to penetrate upside.

NORTHERN PACIFIC was recommended for purchase in July at around 19. A high of $28\frac{1}{2}$ was reached during the past week. As the intermediate term objective is 28, advise taking profits.

PULLMAN CORP. was originally recommended at 34 in July and again recently when the stock broke out on the upside of the accumulation range to reach 40. The upside objective of the base pattern is 48-52. A high of 48 was reached on Wednesday. As the upside objective has been practically reached, would take profits on further strength.

ST. LOUIS & SAN FRANCISCO was recommended at around 12 in July. A high of 18 was reached recently. Ability to penetrate the 17 resistance indicates higher levels for this issue with a longer term objective of 23 to 26. Some consolidation may be needed after the recent advance. Would buy the stock on weakness. 15-14 should be a good support level.

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Closing Averages

Dow-Jones Industrials - 230.33
Dow-Jones Rails - 69.93

October 20, 1950