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## TABELL'S MARKET LETTER

Under the leadership of the oils and chemicals, the industrial average reached new high territory on Friday at 259.95, and appears headed for the 260-265 area mentioned in last week's letter. While volume picked up on Friday to reach 2,120,000 shares, it still remains well below the average turnover of the January-February rise when the industrials topped out at 257.06 and the rails at 90.82.

The rails, which have been an accurate barometer of market action in the past, continue to act badly in comparison with the industrials. With the industrial average above the February high, the rails are approximately seven points below their comparable high. At Friday's high of 84.07, they are still below last week's high of 84.83.

An increasing number of advisory services and market letters are advising the purchase of airline stocks. United Airlines is perhaps the most widely mentioned. As our older readers know, the airlines have been consistently recommended in this letter since 1949. In January, 1950, the airlines were nominated as our favorite group for price appreciation in 1950. At that time United Airlines was selling at 14. I had previously mentioned it at 10 1/2. Then the airline stocks had few friends. They were considered extremely speculative and without appeal. Few trusts included airlines in their portfolios. However, throughout the 1949-1950 period the airlines were building up strong technical patterns although they did little marketwise. Now United Airlines is selling at 30 and is extremely popular. I concur in the thought that United Airlines will eventually sell at a price considerably above present levels but it is interesting to note the potential difference in percentage appreciation from present levels as compared with that from the early 1950 price. Suppose United Airlines equals the fifteen-point rise from our recommended level of approximately 15. The technical pattern indicates that a rise to 45 is entirely possible over the longer term. If this occurs, the purchaser of the stock at a price of 30 would show a percentage appreciation of 50%, but the purchaser at 15 would have 300% appreciation or six times as much if he had originally invested the same amount of money.

This illustrates the point that large capital gains are made by buying undervalued situations at low levels before these issues have gained public popularity. This sometimes requires considerable patience. Quite often there will be a period of prolonged backing and filling before the advance starts. Patience was required with Reynolds Metals at 20 and Seaboard Airline at 15 to 18, to mention only two of our recommended issues, but the ultimate advance was extremely rewarding.

Even at today's high levels of the general market, there are numerous candidates for eventual long term appreciation for the patient holder. They will be mentioned in this letter as conditions warrant.

One such situation previously mentioned is the motion picture group. There is no doubt that these issues are currently unpopular and the reason is, of course, not hard to find. Television has caused a sharp drop in movie attendance and the future of the industry is in considerable doubt. However, current pessimism may be greatly exaggerated. It is entirely possible that the television and motion picture industries will eventually be allied instead of competitive. It would seem a logical development over a period of time. The technical pattern of individual issues indicates the possibility of such a development. These stocks have held in narrow trading ranges for over three years and have formed substantial potential accumulation bases. They appear thoroughly oversold.

For the patient holder, I recommend the following issues.

Stock	Price	1950 Earn.	1950 Div.	Yield
Columbia Pictures	13	\$2.58	\$ .75	5.7%
Paramount Pictures	23	2.67	2.00	8.7
20th Century-Fox	21	3.16	2.00	9.5
Universal Pictures	10	1.14	--	--
Warner Brothers	13	1.46	1.00	7.7

Again I repeat that these issues are suitable only for the patient long term holder interested in substantial percentage appreciation. For those interested in trading turns there are undoubtedly scores of more interesting issues if you can find them.

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