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TABELL'S MARKET LETTER

Last week the market action gave added evidence to the thought that the market is building up a potential top pattern. As yet, the pattern is incomplete and more work may be needed to enlarge the distributional top. With the exception of steels and motors, comparatively few issues have formed broad top patterns and continued backing and filling in a broad trading range bounded roughly by 245-255 appears indicated. This action should present very favorable opportunities to switch out of issues with unfavorable patterns into those with excellent long term potentials.

A few issues of this type are noted below:

CARRIER CORPORATION was originally recommended in this letter at an equivalent price of 10-11 for the present stock. It is presently selling at 22 1/4. On the basis of the indicated 25¢ quarterly rate, it is yielding 4.5%. The dividend appears conservative when compared to earnings of \$4.54 in 1950. The stock has tremendous growth possibilities. It is the leading independent company in the air-conditioning field. Its products range from self-contained units for individual rooms to industrial units of 1200 tons. While its long term growth potential is based on a peace economy, it will do very well under the present defense economy. If large air-raid shelters or underground plants were necessary, the demand for company's products would be tremendous. Finances have been gradually improving. Net working capital has increased from \$4.12 in 1941 to \$18.12 in 1950. This stock has formed a very strong base pattern in the 12-19 area. The upside penetration indicates an initial 23-25, which has been reached, to be followed by an eventual 45. Would buy on all minor price dips.

COLUMBIA GAS SYSTEM, at 13 3/8, is an excellent natural gas growth situation in addition to being a good defensive vehicle in the present economic uncertainty. The company is one of the nation's largest natural gas systems. It serves, directly or through sales to independent distributors, over two and a half million customers. It operates in Pennsylvania, Ohio, West Virginia, Maryland and Kentucky. It serves such population centers as Washington, Baltimore, Cincinnati, Dayton, Richmond, Columbus, Toledo, and Harrisburg. Income in 1950 increased to \$1.18 per share from 84¢ in 1949. Profit for the 12 months ended March 1951 improved further to \$1.28 a share. And net for the seasonally adjusted March quarter of 1951 rose to 68¢ vs. 58¢ in the March 1950 quarter. The dividend was increased to 20¢ quarterly in the first quarter of 1951. With the demand for natural gas increasing, further earnings expansion is indicated. The company has spent \$200 million in expansion over the past five years. The technical pattern is good. The stock has held in the 9-14 range for 3 1/2 years. An upside penetration would indicate an initial objective of 20. The stock may be slow but it has a very strong potential pattern. Buy on all minor price declines.

LAMBERT COMPANY was originally placed in my recommended list at 22. It is now selling at 25 1/2 and yields 7.8% on the rate indicated by the latest quarterly payment of 50¢. 1950 earnings were \$2.94. Net for March quarter of 1951 rose to \$1.14 vs. 88¢ in the March quarter of 1950. Stock has a good tax base. Major product is still Listerine but company has diversified by entering into moulded plastics, ethical drugs and toothpaste and brushes. The stock sold at a high of 68 in 1946. Technically, it has built up a strong base pattern in the 17-23 range. The upside penetration indicates an initial 28 followed by a long term 40. There is no heavy supply of stock until the 40 level is reached. Buy on minor price dips. There is good support at 25-24.

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Closing Averages

Dow-Jones Industrials 250.10
Dow-Jones Rails 79.43

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