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TABELL'S MARKET LETTER

At Thursday's high of 251.68, the industrial average had recovered approximately ten points of the twenty-two point decline from the year's high. This should be a sufficient technical rebound. The very heavy supply area in the 250-255 range most likely will prove to be a barrier to further near-term advance. If the market spends some time in this range, it will broaden the potential top formations in individual issues and in the general averages. When this pattern is completed, a clearer idea of the downside objectives and buying ranges will be available.

At the moment, the next important downside resistance levels are at 235-232 in the industrial average and at 72-70 in the rails. Would not follow strength but, as the decline will be extra selective and some stocks will most likely reach their lows before the general market, would use periods of weakness to buy selected issues with good longer term patterns. A few issues of this type are noted below.

FRUEHAUF TRAILER is the world's largest builder of truck trailers. 1950 earnings totaled \$5.59 a common share. March 1951 quarter profit increased to \$1.57 against \$1.03 a year ago. The common stock has paid consecutive dividends since 1934 and last year the company paid \$2 a share plus 20% in stock. At present price of 27 this affords a yield of 7.4%. The stock was originally recommended at the equivalent of 20. Fruehauf reached a high of 31 late in 1950. The issue has an attractive technical pattern and indicates higher levels over the longer term. Would buy on minor price declines. Our Research partner, Mr. H. J. Soher, recently visited this company and copy of his report is available.

HALL PRINTING (17) has held in a narrow trading range for the last four years. It is priced eight points below the 1946 high of 25. Earnings for the fiscal year which ended March 31, 1951 have not yet been issued but are expected to be around \$2.50 a share. Hall earned \$2.70 in the fiscal year ending 1948, \$2.88 in 1949 and \$2.43 in 1950 fiscal year. The company's \$17 million modernization program is nearing completion and should result in increased profit margins. Hall is one of the leading printers in the nation, printing catalogues, magazines and pocket-sized books. The volume of this last item increased 115% from 1946 to 1949. Stock is forming a very strong accumulation pattern in the 12-19 area. An upside penetration would indicate 28-30. Would add it to my recommended list on minor price dips. There is good support at 15-16. A few days ago the quarterly dividend rate was increased to 32 1/2¢ from 25¢ paid in preceding quarters. The stock will sell ex-dividend the 32 1/2¢ just voted on June 5. Yield is over 7 1/2%. Our research staff issued an excellent three-page report on Hall in February.

INTERNATIONAL TEL & TEL (15 3/8) is a speculative issue but offers the possibility of wide percentage appreciation. 1950 earnings were \$2.38 a share on a consolidated basis, the best level since 1929 when the stock sold at the totally unjustified level of 149. It is selling at little more than one-third of its \$42.72 book value and about half its 1945 high of 33. A large proportion of its earnings are derived from foreign countries and are not subject to excess profits taxes. It is a holding company controlling (1) telephone units in South America, the West Indies and Shanghai, (2) radio and cable circuits mostly in Central and South America, (3) equipment companies in U.S. (Federal Telephone), South America and Europe. It also controls Farnsworth-Capehart television and radio. Backlog of manufacturing orders in the United States alone recently stood at \$160 million and 85% of this was Government business. Foreign orders were substantial also. Consolidated earnings for March quarter of 1951 rose to an estimated \$4 million or about 58¢ a share against 32¢ a share in the first period of 1950. Stock is a speculation on peace but also has defense economy potentials. Technically, the stock appears attractive on price dips. The ability to reach 17 was constructive. The stock could react to the 15-14 level where I would add it to my recommended list. There is an upside potential of 20-25 in the pattern followed by a later testing of the 1946 high of 33.

June 1, 1951

Closing Ind. Average 249.33

Closing Rail Average 70.36

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