

# Walston, Hoffman & Goodwin

Investment Securities

NEW YORK 5, N. Y.  
35 Wall Street  
DIGBY 4-4141

PHILADELPHIA 2, PA.  
1420 Walnut Street  
PENNYPACKER 5-5977

LOS ANGELES 13, CALIF. SAN FRANCISCO 4, CALIF.  
550 South Spring Street 265 Montgomery Street  
MADISON 9-3232 SUTTER 1-2700



## TABELL'S MARKET LETTER

Both averages on Friday reached new lows for the move. The industrial average sold down to a low of 240.72 while the rails reacted to an intra-day low of 71.78.

As readers of this letter know, I have been cautious about the market for a long time and have consistently advised taking profits on stocks whose purchase was recommended at the 1949 lows and at the Korean break of last July. While advising retention of a few recommended issues, I have advocated a 75% liquid position in intermediate term trading accounts. I still believe the market, as measured by the Dow Jones Industrial Average, will work moderately lower. It is possible that, later in the year, the average may react to the 225-215 level. However, all stocks do not reach their lows or highs at the same time. For the balance of the year, the action of individual stocks could be much more important than the averages. I believe it advisable during periods of further weakness to use a portion of liquid funds, say about one-third, to purchase issues with attractive long term patterns. This would gradually bring invested positions up to about 50%.

In my letter of May 15th, I presented a list of issues with strong long term patterns. The buying range was also indicated. Some of these issues have reached or about reached these buying levels. They are listed below together with the low of Thursday or Friday:

	<u>Recent Low</u>	<u>Buying Range</u>
<b><u>BETTER GRADE</u></b>		
Masonite	31	30-28
Montgomery Ward	67	66-64
Owens-Illinois	78 1/4	77-75
Western Auto-Supply	45 3/8	45-43
Westinghouse Electric	34 7/8	36-34
<b><u>MEDIUM GRADE</u></b>		
Bucyrus-Erie	19 3/4	20-19
Carrier Corp.	20 3/4	21-19
Elliott Co.	22 1/2	23-21
Hall Printing	16 1/2	17-16
National Supply	23 5/8	25-23
Pacific Mills	37 1/2	39-37
Paramount	21 1/2	22-20
Shamrock Oil	29 3/4	30-29
Smith, A.O.	33 5/8	36-34
<b><u>SPECULATIVE</u></b>		
American Airlines	14 1/4	15-14
Columbia Gas	13 1/4	13-12
Columbia Pictures	11 1/2	11-9
Eastern Airlines	19 1/8	20-18
Gray Manufacturing	12	12-11
Gulf, Mobile & Ohio	23 1/4	23-21
Int'l. Tel. & Tel.	14 3/4	15-14
United Airlines	25 5/8	26-24
Western Maryland	18	20-18

The rail average, at Fridays low, had declined about 22% from the years high as compared with only 9% on the industrial average. In my opinion, the rails will not decline much below 70. They should be bought on further weakness for the long term holding; of course considerable time will be needed to build a base pattern prior to an upward move, so some considerable patience may be required.

June 29, 1951

### Closing Averages

Dow-Jones Ind. 242.64  
Dow-Jones Rails 72.39

EDMUND W. TABELL  
WALSTON, HOFFMAN & GOODWIN

This memorandum is not to be construed as an offer or solicitation of offers to buy or sell any securities. From time to time Walston, Hoffman & Goodwin may have an interest in some or all of the securities mentioned herein. The foregoing material has been prepared by us as a matter of information only. It is based upon information believed reliable but not necessarily complete, is not guaranteed as accurate or final, and is not intended to foreclose independent inquiry.