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TABELL'S MARKET LETTER

Both averages recovered sharply from the June 29th lows of 240.72 and 71.78 to reach intra-days highs of 251.30 and 76.27. This rapid recovery on small volume has again weakened the near term technical pattern and the short term indicator has again entered overbought territory. This, plus the fact that there is heavy overhead supply at 250-255 and at 76-78, leads to the probability that there will be another testing of the June 29th lows. The next support point in the industrial average is at 235-232 followed by 225-220. The rail average should meet strong support at 70.

As mentioned last week, all stocks will not make their lows at the same time. There are issues with strong long term technical patterns that should be purchased on minor weakness despite the fact that the averages and numerous individual issues with weak technical patterns indicate lower levels.

There seldom has been a time when various segments of the market have moved as independently of each other as they are doing today. The three lists below illustrates this point. The yields are based on June 29th prices and the total dividends paid in 1950.

Superior Oil	1.00%	Bucyrus Erie	10.00%	Hudson Motor	17.86%
Texas & Pac. Land	1.82	Paramount	9.30	Cont. Steel	16.52
Minnesota Mining	2.26	Commercial Credit	9.14	Chrysler	14.86
Merck & Co.	2.35	Hall Printing	8.89	Patino Mines	14.28
Pfizer, (Chas.)	2.40	Nat'l. Supply	8.38	South P.R. Sugar	13.14
Corning Glass	3.01	Fruehauf	7.92	Amer. Woolen	13.06
Amerada Pete.	3.03	Armstrong	6.94	Gen'l. Motors	12.94
Monsanto Chem.	3.36	Sylvania	6.72	Motor Wheel	12.60

The stocks in the first classification are the "growth situations". Immediate yield is of minor importance to the long term investor who is purchasing growth in a company over a period of years. Stocks of this type have shown excellent market action and have been the favorites of institutional buyers and wealthy investors. The important question is whether, at present levels, they have not too liberally discounted their favorable growtn pattern.

The second list comprises companies that, in the main, are just a shade or so below the higher grade investment category. Even if business should decline moderately, present dividends on these issues appear relatively secure.

The companies in the third classification are mainly in cyclical industries. The high yield indicates that there is considerable doubt as to maintanence of 1950 dividend payments.

It would appear that the issues in the second group present the best opportunity for the individual investor. Yields are good and, while these issues might react moderately, a decline of more than minor importance would seemingly place them on the bargain counter. It is issues of this type that have the strongest long term patterns on my technical work. As issues of the first type reach price levels that fully discount favorable long term prospects, buying might edge down into issues of slightly lower investment calibre.

July 6, 1951

~~EDMUND W. TABELL~~
WALSTON, HOFFMAN & GOODWIN

Closing Averages

Dow-Jones Ind. 250.01
Dow-Jones Rails 75.72