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TABELL'S MARKET LETTER

It would appear that the industrial average will furnish the clue as to the direction of the nearer term price trend. While the rails last week were able to better their September high of 87.04 to reach 87.80 and are in a position to again test the February high of 90.82, the industrial average has acted rather sluggishly. This average reached its high in mid-September at 277.51 and reacted to 269.08 later in the month. Last week's rally carried the industrials back to 277.30. This week's low was 271.46. An upside penetration of the 277.51-269.08 trading range would indicate a continuation of the uptrend from the July lows. A downside penetration might have considerably more significance and indicate a top of at least intermediate term proportions.

However, regardless of the action of the averages and the general market, there are a great many individual issues that have strong long term technical patterns. In looking over the graphs of a number of individual issues showing the monthly price range since 1929, it was interesting to note how many issues were selling below not only the highs of 1946, but also the highs of 1937. Of course, this does not mean that these issues are necessarily undervalued or behind the market. In fact, quite the reverse is more apt to be true. The fact that these issues have been unable to better former highs usually signifies a lack of growth potential. The great majority of growth stocks are selling above their 1929 highs as well as 1946 and 1937.

However, when a stock is selling below its highs of 1937 and 1946, and has an upward trend of earnings plus a favorable long term technical pattern, it merits some consideration. Below are three issues in my recommended list.....

<u>AMERICAN RADIATOR</u>	<u>1937</u>	<u>1946</u>	<u>1951*</u>
High	29½	23	16½ -a
Earnings	68¢	95¢	\$2.05
Dividend	60¢	40¢	\$1.25-\$1.50

This stock has paid continuous dividends since 1936. It has built up a very favorable long term technical pattern. It has held in the 10-17 potential base area since 1946. While no immediate move is necessarily indicated, the eventual objective appears to be an initial 25 followed by 35. Would buy this stock for patient long term appreciation plus good yield.

<u>BURROUGHS ADDING MACHINE</u>	<u>1937</u>	<u>1946</u>	<u>1951*</u>
High	36 5/8	21 3/4	18 3/4
Earnings	\$1.63	40¢	\$1.55
Dividend	\$1.40	55¢	90¢

Dividends have been paid since 1895. Earnings have been erratic over recent years and in a downtrend since 1929. However, the stock appears to have turned the corner. It held in the broad 13-17 range for over four years. The recent upside penetration indicates a long term 31. Action may be slow but the stock appears to be under accumulation and should be bought on minor price declines.

<u>OWENS ILLINOIS GLASS</u>	<u>1937</u>	<u>1946</u>	<u>1951*</u>
High	103 3/4	100	89½
Earnings	\$3.51	\$4.53	\$6.50
Dividend	\$3.25	\$3.50	\$4.00-\$4.25

* Estimated. a - So far this year.

The stock has paid a dividend each year since 1907. Largest manufacturer of glass containers. Has 42% interest in Owens-Corning Fibreglass Corp. Has favorable long term growth prospects. Recent penetration of 74-82 trading area indicates a possible 95-105. Good support at 80-75. Long term potential much higher.

All three of these stocks are recommended for purchase in long term capital appreciation accounts, provided there is also a large backlog of reserve buying power.

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October 11, 1951
Dow-Jones Ind. - 274.10
Dow-Jones Rails - 86.88