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TABELL'S MARKET LETTER

If the fourteen-point advance from the November low of 254.91 in the Dow-Jones industrials is merely a technical rally in a longer term downtrend, about all of the upside potentials have been reached at last week's high of 268.95. The advance has (1) retraced about two-thirds of the twenty-three point decline from the September high of 277.51. This is the allowable maximum retracement of a preceding move without changing the trend. (2) The advance has closed the October 22nd downside opening "gap" between 267.00 and 265.90. Many technicians believe that gaps between the range of one day and that of the previous day must be closed before the move in the direction of the gap is resumed. (3) The industrials have rallied to just below the heavy overhead supply between 269.04 and 277.51.

The ability of the average to rally above 270 on increasing volume would, in my opinion, be a constructive sign and indicate a possible change in trend and at least a testing of the September high and the possibility of a new high not too far above 277.51. The inability to move much above last week's high of 268.75, followed by a downside penetration of the November low of 254.91, would indicate a continued downtrend of at least intermediate term proportions. Until more definite indications are given, would continue with my previous recommendation of only a 50% invested position in capital appreciation accounts.

For accounts less than 50% invested, or for switching purposes, the three stocks mentioned below offer interesting possibilities for longer term appreciation. One of the three, Cornell-Dubilier, has been previously advised. The other two are new additions to my recommended list. All three are in the speculative category.

CORNELL DUBILIER ELECTRIC (18 3/8) is the largest manufacturer of capacitors. Its products are used by television, radio, utilities, fluorescent lighting, aircraft, communications and various other industries. Defense backlog is large. Earnings for the fiscal year ending September 30 are estimated at around \$3.70 as compared with \$3.96 in the fiscal year ended September 30, 1950. Sales will show an increase and lower net is mainly due to heavier taxes. Dividends are expected to continue at a 30 cent quarterly rate with the possibility of an extra dividend some time in 1952.

The stock sold at a high of 27 7/8 in 1946 and as low as 7 in 1949. The recent upside penetration of the year and a half trading range between 17 and 12 indicates higher levels. There is good downside support at 17-15.

BELL & HOWELL (19) manufactures precision-made motion picture cameras, projector equipment, sound and picture reproducers and still cameras. It also manufactures microfilm equipment which is distributed by Burroughs Adding Machine. There are distinct growth possibilities in microfilm and demand for projectors and equipment from schools and institutions should also show continued growth. 1951 earnings are estimated at \$2.50 as against \$3.52 in 1950. Third quarter earnings were cut by retroactive tax charges. With increased defense orders, 1952 prospects are favorable. Dividends, which have been paid for thirty-two consecutive years, are conservative at the indicated rate of 50 cents regular yearly, and 50 cents extra.

The stock sold at 37 in 1946 and reacted to a low of 11 1/8 in 1949. This year's high is 23 1/4. The stock appears to be building up a very strong technical pattern. Some further work may be needed in the 17-23 area but the potential long term objective is considerably above present levels.

GEORGIA-PACIFIC-PLYWOOD (20 1/4) seemed very reasonably priced at the recent low of 17 5/8 and had reached the downside objective outlined by the 26-25 top. Some further backing and filling in the 18-23 area may be necessary, but the stock appears to be building up a strong potential base pattern and should be bought during periods of moderate price declines.

Lower plywood prices have caused a dip in earnings of most plywood companies, but the situation appears to be showing signs of improvement. The \$1.50 dividend provides a yield of over 7% and seems secure. Earnings for the nine months ended September 30th were equal to \$3.40 a common share. Our Research Department recently issued a very complete report on this company giving a more detailed picture.

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Dow-Jones Ind. -265.71

Dow-Jones Rails -82.25

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