

# Walston, Hoffman & Goodwin

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### TABELL'S MARKET LETTER

#### A FORECAST FOR 1952

The stock market in 1951, as measured by the Dow-Jones industrial average, fluctuated within one of the narrowest percentage ranges in the past fifty years. The low of the year was reached the first trading day, January 2nd, at 234.93. The high was attained in September at 277.51. This is a percentage range of only 18% from the low to the high. For the greater part of the year the industrial average held in the 242-268 area.

In addition to the narrow range of the industrial average, 1951 was also unusual in the fact that this was the first year in history that the Dow-Jones industrial average failed to sell below 200. In my opinion, it is probable that this average will continue to hold above 200 for the foreseeable future, although this level may be closely approached in 1952 and also possibly in 1953.

I expect that the market in 1952 will fluctuate over a wider range than in 1951. Probably the year's high will be reached in the first quarter of the year. At the moment, I doubt that it will be much, if at all, above the 277 high of September, 1951. On the downside, the industrials might work down to around the 220 level later in the year. As I envision the general market, it appears that it will undergo a consolidation or re-accumulation period at moderately lower levels. This type of action could continue well into 1953 and would be the necessary prelude to a much higher market from 1954 on. In effect, it would be similar to the 1946-1949 re-accumulation range between 160 and 210 on a slightly reduced scale.

This does not mean that all issues and groups will show the same price pattern. Even though the averages may make little upside progress, it is possible that many individual issues could have worthwhile upside moves. Several groups have above average technical patterns not only from an appreciation viewpoint but also for their good defensive qualities.

My favorite groups for 1952 include airlines, building materials, electronics, machinery and equipment, selected rails and utilities.

Listed below are some of the issues in my recommended list that roughly fit into the groups mentioned above. From a technical viewpoint, I believe these issues will show above average action over the next year. Additional utility issues will be recommended later.

#### BETTER GRADE

Armstrong Cork (56)  
Fairbanks Morse (27)  
Masonite (34)  
Otis Elevator (37)

#### MEDIUM GRADE

American Radiator (16)  
Blaw Knox (18)  
Bliss, E.W. (16)  
Bucyrus Erie (24)  
Burroughs (18)  
Carrier (23)  
Certain-teed (15)  
Columbia Gas (15)  
Columbia Broad. (35)  
Elliott (27)  
National Supply (29)  
New York Air Brake (21)  
Paramount (26)  
Philco (27)  
Smith (A.O.) (36)  
Sylvania Elec. (37)

#### SPECULATIVE

American Air. (17)  
Cornell Dubilier (20)  
Eastern Air. (29)  
Georgia Pac. Ply. (23)  
Gray Mfg. (14)  
Gulf, Mobile & O. (27)  
Inter. Tel & Tel. (17)  
Minn. St. Paul, SSM (18)  
Northwest Air. pf. (24)  
Poor & Co. B (18)  
Radio Corp. (24)  
Raytheon (11)  
United Air Lines (34)  
Western Air. L. (15)  
Western Maryland (21)

December 28, 1951  
Dow-Jones Ind. - 268.18  
Dow-Jones Rails - 82.11

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