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TABELL'S MARKET LETTER

The Dow-Jones industrial average was in a slow downdrift most of the week. The intra-day low was reached on Thursday at 258.66, but the low closing was on Friday at 259.82. The industrials have been in a downtrend since the January high of 276.26. The March high was 270.40 and the May high was only 263.77. Ability to cross above the downtrend line connecting the January and March highs would be very constructive technical action. The line now stands at about 266. However, a decline below the 255-254 support area would be discouraging and indicate a further decline to most likely the 245-235 support level.

While the industrials have been in a downtrend since January and a sidewise movement since August, the rail average has been in an uptrend. The uptrend line from the February low of 82.51, which now stands at 92, still remains intact although it was closely tested at Thursday's low of 92.40. If this uptrend line were broken, it would indicate a testing of the more important uptrend line from the June low of 71.78. This uptrend line currently is at about 87. A downside penetration of this line would be almost as important to the rails as a downside penetration of the 255-254 support level would be to the industrial average. On the upside, the rail average has still as its upside objective the broad 98-94 range. The high so far has been 95.73.

Regardless of the ultimate action of the averages, the important thing to watch is the action of individual issues and groups. Many groups still appear technically vulnerable but others are approaching what appears to be buying points. I have mentioned the textiles and airlines in recent letters. This week Celanese reached a new low at 36 7/8. I have brief technical comments available on almost every issue on the New York Stock Exchange and on quite a few New York Curb issues. My technical analysis on Celanese now reads:

"At the August high of 58, the stock had reached the long term objective of 56-64. The downside penetration of the 58-48 area indicates a decline to 40-35. This objective has been approximately reached at the recent low of 37. Some time may be required to form a base, but the stock should be bought in the 40-35 area."

Another group that appears to be approaching a sold-out condition is the distilling group. The liquor companies have also been facing adverse conditions. Whisky price controls probably will soon be suspended because the industry faces an oversupply. Sales have dropped sharply since the tax was raised \$1.50 a gallon on November 1st and inventories have increased. However, as noted in the tabulation below, these issues have declined from 23% to 39% from their 1951 highs and are approaching their downside objectives on my technical work. The prices below are to the nearest full figure:

	Price 5/16/52	1951 High	1952 Low	% De- Cline	Earnings		
					1950	1951	1952-A
Amer. Distilling	38	58	37	36%	\$4.71	\$5.22	\$1.74-B
Brown Forman	11	18	11	39%	4.71	.75-C	N.A.
Distilling Co.	23	31	22	29%	4.77	4.93	2.23-E
Glenmore Dist.	14	20	14	30%	3.56	2.95	.40
National Dist.	26	37	26	30%	3.45	2.87	.38
Park & Tilford	37	57	37	35%	5.10	4.04	.27-D
Schenley	26	41	26	37%	8.47	5.10	1.94-F
Hiram-Walker	43	56	43	23%	9.68	7.23	2.52-F

A-three months March, 1952. B-Six months March, 1952. C-Six months Oct. 1951.
D-Deficit. E-Six months January, 1952. F-Six months February 1952.

National Distillers and Schenley appear the most attractive. They should be bought during periods of price weakness not on strength.

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WALSTON, HOFFMAN & GOODWIN

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Dow-Jones Ind. - 259.82
Dow-Jones Rails - 93.56

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