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TABELL'S MARKET LETTER

LONG TERM INVESTMENT: I continue to advise a 100% invested position in accounts concerned mainly with income and longer term appreciation. However, at this stage of the market pattern, would concentrate holdings in undervalued issues with defensive characteristics -

	<u>Price</u>	<u>1951 Earnings</u>	<u>1951 Dividend</u>	<u>Yield</u>
<u>ARMSTRONG CORK</u>	50	\$5.35	\$3.10	6.2%

The company manufactures a wide range of products including linoleum, asphalt and rubber tile, corkboard insulation, molded plastic closures, crown caps and numerous other specialties. The common stock is a better grade equity and appears reasonably priced at current levels. The average price over the past ten years has been approximately 45 and the average yield has been 5%. The company has shown good growth with sales \$201 million in 1951 as compared with \$78.6 million in 1941. The company's capital expenditure program since 1946 has resulted in a modern and highly efficient plant. Earnings for 1952 are expected to approximate \$5.00 and the present dividend appears secure.

From a technical viewpoint the stock has a favorable pattern. The 1951 high was 59 and the stock is now at the very strong 50-45 support area. The long term upside objective is considerably above present price levels. Purchase is recommended for excellent yield for a stock of this quality and for long term price appreciation.

	<u>Price</u>	<u>1951 Earnings</u>	<u>1951 Dividend</u>	<u>Yield</u>
<u>OWENS-ILLINOIS GLASS</u>	72	\$5.57	\$4.00	5.5%

The company is the largest manufacturer of glass and glass containers used by the food, drug, milk, liquor, beverage and brewing industries. Other products include structural blocks, electric insulators and scientific apparatus. The company's television tube division is expected to increase in line with the addition of new television stations. The company recently sold 90,000 shares of Owens-Corning Fiberglas stock but still retains a one-third interest in the company whose growth record has been sensational. In April, Owens-Illinois sold its American Coating Mills division to Robert Gair Company for over \$3 million plus 400,000 shares of Robert Gair common. An additional 100,000 shares has been purchased. Owens-Illinois also has a large interest in natural gas producing properties in West Virginia and Pennsylvania.

At present levels, the common stock of Owens-Illinois, a high grade equity with substantial growth prospects, appears undervalued. The stock sold as high as 89½ in 1951. Possible selling by Allied Chemical who owned 208,309 shares of Owens-Illinois may account for recent weakness. Earnings for 1952 should approximate the \$5.57 earned in 1951. The technical pattern is excellent. The stock is in an uptrend channel with present outer limits of 70 and 95. The long term objective is considerably above 100. Purchase is advised for equity, income and appreciation over the longer term.

CAPITAL APPRECIATION: In risk accounts concerned mainly with capital appreciation over a six months period, I continue to advise a 50% to 75% liquid position. The market has built a technical pattern that could possibly indicate a sizable potential top. This by no means is certain but it places the market in a very vulnerable position in the event of unfavorable news developments.

	<u>Price</u>	<u>1951 Earnings</u>	<u>1951 Dividend</u>	<u>Yield</u>
<u>GULF, MOBILE & OHIO</u>	36	\$5.42	\$2.00	5.5%

This issue has long been on my recommended list. It was recommended in the 10-15 area in 1949 and 1950 and again at around 25. The stock recently reached 37 3/8. The longer term upside objective on my technical work is 36-40. Suggest taking profits.

The mailing list for this letter has grown to such enormous proportions that we have been regretfully forced to eliminate all regular mailings except to those who have accounts with this firm or to those who are receiving the letter because of some special reason.

EDMUND W. TABELL

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