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TABELL'S MARKET LETTER

The Dow-Jones Industrial average reached an intra-day high of 278.05 on Wednesday before declining for the balance of the week to a low of 273.11 on Friday. The rail average failed to better the early July high of 103.42 and declined below the July 10th low of 100.42 to reach 100.23. The relatively unfavorable action of the rails and the small volume of trading at a time when the industrial average is at the top of the ten month trading range casts considerable doubt on the ability of the market to move higher at this stage. The action of the industrials has created a potential triple top at the September high of 277.51, the January high of 276.26 and this week's high of 278.05. The fact that my intermediate term indicator gave a sell signal on Friday also suggests caution. The first support level in the industrials is at 270-268. A decline below that level would indicate a testing of 255-254 support level of November and May. The first support level in the rails is at '98. A decline below that would indicate a probable testing of the main uptrend line at 90.

LONG TERM INVESTMENT: I continue to advise a 100% invested position in accounts concerned mainly with income and longer term appreciation regardless of intermediate term fluctuations. However, at this stage of the market pattern, would concentrate holdings in undervalued issues with defensive characteristics. Twenty issues of this type were listed in last week's letter.

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.

Listed below are ten issues in my recommended list. These ten stocks should be considered as my entire Capital Appreciation List. If held, I counsel retention. For new purchases, would await periods of price decline.

	Price	1951 Earnings	1951 Dividend-A	Yield-B	51-52 Range
Carrier Corporation	26	3.88	1.00	3.9%	28-1
Certain-Teed	15	3.12	1.00	6.8%	18-1
Eastern Airlines	23	3.02	.50	2.2%	30-19
Gray Manufacturing	14	1.84	1.00	6.8%	17-10
International Tel. & Tel.	18	2.60	.60	3.3%	19-14
Minn. St. Paul & S. S. Marie	16	2.60	1.00	6.2%	21-14
Paramount Pictures	22	2.33	2.00	9%	33-21
Universal Pictures	12	2.11	.60	5%	14-9
Western Airlines (*)	11	2.53	.50	4.5%	16-10
Western Maryland	22	7.60	-	-	29-18

A - Including Extras. B - Based on 1951 dividend.
(*)- Prospectus available upon request.

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Dow-Jones Industrials - 273.90
Dow-Jones Rails - 100.60

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