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TABELL'S MARKET LETTER

In the last two years, the Dow-Jones industrial average has had eleven moves of more than 5%. Six have been on the upside and five have been on the downside. Their approximate scope and dates are listed below:

ADVANCES					
Low	Date	High	Date		
223	Dec. 1950	257	Feb. 1951	plus	44
242	March, 1951	264	May, 1951	plus	22
241	June, 1951	277	Sept. 1951	plus	36
255	Nov. 1951	276	Jan. 1952	plus	21
255	May, 1952	281	Aug. 1952	plus	26
263	Oct. 1952	283	Nov. 1952	plus	20*

DECLINES					
High	Date	Low	Date		
257	Feb. 1951	242	March, 1951	minus	13
264	May, 1951	241	June, 1951	minus	23
277	Sept. 1951	255	Nov. 1951	minus	22
276	Jan. 1952	255	May, 1952	minus	21
281	Aug. 1952	263	Oct. 1952	minus	18

* To Date.

The rail average has had a similar series of swings although the scope and dates have been somewhat different than that of the industrials.

However, the action of individual issues has been quite different from that of the averages. The steels, for example, reached their highs in February, 1951 when the average was only 254. The chemicals and textiles reached their highs in September, 1951 and the oils and metals in January, 1952. Numerous other examples could be cited. Despite the fact that the averages are at a new high, the groups mentioned above are still below their previous highs. The leaders of the present rise to new high territory are different groups, such as televisions, utilities, electrical equipment, foods, etc.

I expect this selective action to continue with price swings in both the averages and in individual issues comparable to what we have witnessed over the past two years. However, it will be noted from the table above that the present advance could carry somewhat further in order to reach the average time and price amplitude of the five previous advances. This is about in line with the technical pattern. My intermediate term technical indicator has reached overbought territory, but the pattern suggests that some time may be needed to build up a top and give an actual sell signal. During this time, individual issues could advance, but increasing caution is indicated on new purchases. The larger part of the current rise may already have been witnessed.

LONG TERM INVESTMENT: I continue to advise a 100% invested position in accounts concerned mainly with income and longer-term appreciation. Holdings of sound, good quality, dividend paying issues should be retained, particularly when bought at considerably lower price levels. The longer term trend indicates ultimately higher price levels and good grade issues should continue dividend payments at approximately present rates.

Present positions should be held but would wait for weakness to purchase issues in our recommended list that have advanced sharply above the buying levels suggested in my letter of November 7th.

CAPITAL APPRECIATION: During the October decline to 262.01 in the Dow-Jones industrials and 96.87 in the rails, I advised increasing invested positions in risk accounts concerned mainly with capital appreciation over a six months period from 25%-50% to 60%. Would maintain this ratio, leaving 40% liquid until further notice.

For accounts that still have buying power above 40% of funds, suggest the purchase of issues in my list of November 7th that have not advanced too rapidly from levels prevailing on that date. **ELLIOTT COMPANY** (29) is a case in point. It is near an upside breakout of a long potential accumulation area.

EDMUND W. TABELL
WALSTON, HOFFMAN & GOODWIN

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