

Walston, Hoffman & Goodwin

Investment Securities

NEW YORK 5, N. Y.
35 Wall Street
DIGBY 4-4141

PHILADELPHIA 2, PA
1420 Walnut Street
PENNYPACKER 5 5977

LOS ANGELES 13, CALIF
550 South Spring Street
MADISON 9-3232

SAN FRANCISCO 4, CALIF
265 Montgomery Street
SUTTER 1-2700



TABELL'S MARKET LETTER

Strength in individual issues rather than in the averages was the feature of last week's market. The Averages were firm, however, and reached fractional new highs of 286.32 on the Dow-Jones industrials and 109.62 on the rails. My intermediate term technical indicator still remains in overbought territory but has refused to give a definite sell signal as yet. It is possible that such a signal will be given next week. Whether the result will be a correction or simply a consolidating phase, is still open to question.

Like the industrials, the rails have had selective action despite the fact that they have been in a steady uptrend from the June 1951 low of 71.78 to this week's high of 109.62. The diverse action of the group is shown in the two tables below:-

	Price	1951 High	1951-52 Low	1952 High		Price	1951 High	1951-52 Low	1952 High
Atchison	101	88	69	101	Balt. & Ohio	25	24	16	25
Atl. Coast	117	82	64	118	Chic. E. Ill.	20	25	14	20
Chic. R. I.	69	61	44	71	Ch. Gt. West.	28	33	18	28
Denver RG	78	69	49	82	Chic. Mil. SP	20	30	18	24
Gt. No. pfd	55	57	46	56	Chic. No. West	18	28	15	20
Ill. Cent.	82	75	52	83	Minn. St. Paul	19	21	14	19
Kan. City S.	89	75	57	89	N. Y. Central	22	26	16	23
Lehigh V.	21	15	9	21	N. Y. Chic. SL	49	47	35	49
Seaboard	112	68	47	114	Penn R. R.	21	26	17	22
Texas Pac.	124	103	77	124	West. Mary'd.	24	29	18	24

The stocks in the first column are mainly better grade rails. They reached their 1951 highs in February 1951 when the rail average topped out at 90.82. After a subsequent reaction to the 1951 low, this group led the rail average to recent highs. In most cases, the recent highs are considerably above the 1951 highs. The more speculative issues in the second column have not fared as well. In most cases they are selling below the February 1951 highs despite the fact that the rail average is 20% above 1951 high.

I believe the lower priced rails are behind the market and could show excellent percentage appreciation over the intermediate term. There are several issues in my recommended list. They are -

BALTIMORE & OHIO. The upside penetration of the long trading range indicates 28 followed by a longer term 34.

CHICAGO & EASTERN ILLINOIS. This issue appears to be behind the market. The technical pattern suggests 24 followed by a later 32.

CHICAGO & GREAT WESTERN. This issue has already moved ahead rather sharply. Its initial indication is 31 followed by 38.

MINNEAPOLIS, ST. PAUL & S. STE. MARIE (SOO LINE) This issue also appears to be behind the market. Intermediate term objective is 23 and a later 29.

WESTERN MARYLAND has held in the 18-24 range since 1951. An upside penetration would indicate 30 for the nearer term and 39 later.

These are all secondary issues but believe they will show better percentage appreciation than the heavy capitalized low-priced Eastern rails. Higher priced rail issues in my recommended list are Denver, Rio Grande & Western, now at 78, Missouri-Kansas-Texas, Preferred, now at 61, and Western Pacific now at 63.

EDMUND W. TABELL
WALSTON, HOFFMAN & GOODWIN

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Dow-Jones Ind. - 285.20
Dow-Jones Rails - 109.37

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