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TABELL'S MARKET LETTER

The rails pushed ahead to new high territory on Tuesday to reach an intra-day peak of 113.94. This was 2.15 points above the previous week's high of 111.79. Profit taking cut down gains at the weekend. The advance in the industrial average was more modest at a high of 289.18 as compared with 287.58 the previous week. Would be inclined to be cautious about following strength at this stage of the twenty-six point advance from the October lows. Some consolidation or correction may be needed to strengthen the market's technical pattern. This is evidenced by the warning sell signal given last week by the intermediate term technical indicator.

Among the leaders in last week's rail advance were two issues in my recommended list -- Baltimore & Ohio, which reached a new high at 29 3/8, and Chicago & Eastern Illinois which reached a new high at 23 5/8. Baltimore & Ohio was originally recommended at 18 and Chicago & Eastern Illinois at 17. Both have approximately reached their initial objectives of 28 and 24. Both have been held for over six months and they are possible candidates for profit-taking. However, both issues have higher longer term potentials of 34-35 in the case of Baltimore & Ohio and 32 in the case of Chicago & Eastern Illinois. Some consolidation or correction may take place before these longer term objectives are reached.

Business Week recently published some interesting comparisons of the price action of Standard & Poor's various group averages. I have brought the data up to date as of December 17th in the following observations.

It is interesting to note that the index of high grade common stocks has advanced 6.7% from the preelection level and is at a new bull market high. In comparison, the index of low-priced common stocks has advanced 6.1% in the same time period. However, the low-priced index at 188.5 is almost 20% below its bull market high reached in 1951.

Of all the groups, the following have reached new 1949-1952 highs since Election Day:

Aircraft Manuf.	Metal - Containers
Automobiles	Metal - Fabricating
Auto Parts	Natural Gas
Bituminous Coal	Office Equipment
Electrical Equip.	Paper
Finance Companies	Rails
Food Companies	Shipbuilding
Food Chains	Tires
High Grade Commons	Television - Electronics
Machinery	Utilities

The following groups failed to reach new high territory despite the new highs in the averages:

Agricultural Machinery, Air Transport, Auto Trucks, Building Materials, Carpet & Rugs, Chemicals, Confectionery, Copper, Department Stores, Distillers, Drugs-Ethical, Drugs-Proprietary, Fertilizers, 5¢ & 10¢ Chains, Glass Containers, Gold Mining, Lead-Zinc, Leather, Low-Priced Commons, Machine Tools, Mail Order, Mining & Smelting, Motion Pictures, Oil-Producers, Oil-Integrated, Printing & Publishing, Railroad Equipment, Rayon, Shipping, Shoes, Soft Drinks, Steel, Sugar, Textile Weavers, Tobacco, Vegetable Oils.

From my technical work, the groups in the first classification continue to have interesting patterns and should be bought on price declines. Possible exceptions are Bituminous Coal, Paper and Tires.

Some of the groups in the second classification appear to be slowly building up accumulation patterns. They are Air Transport, Building Materials, Department Stores, Distillers, Drugs-Ethical, Gold Mining, Printing and Publishing, Rayon and Textile Weavers. Would avoid the others until the patterns clarify.

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