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## TABELL'S MARKET LETTER

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Digby 4-4141

The market, earlier in the week, declined to our suggested buying levels of 275-270 in the Dow-Jones industrials and 103-100 in the rails. The week's lows were 271.99 in the industrials and 102.29 in the rails. The subsequent rally carried back to 278.85 and 106.05. There is overhead resistance at 279-281 and 107-109 that may temporarily halt any advancing tendencies. A considerable amount of irregularity and uncertainty is to be expected over the next ten days or so, but the important thing to bear in mind, in my opinion, is that selected issues are a buy on weakness. The market may again decline to the 275-270 and 103-100 areas. Again advise purchases of recommended issues in the buying areas suggested.

There is considerable bearishness and nervousness about. It has been suggested that we are now in a bear market and that prices may work considerably lower. I do not concur in that opinion. I continue to believe that we are in a selective market with some issues headed for higher and some destined for lower price levels over the next six months. I do not believe there is a probability of a bear market at the moment in the sense of a general decline such as witnessed in 1946 or 1937, much less than 1929. That does not mean that some individual issues will not work lower. A great many have declined substantially during the past year, while the general market advanced.

I believe it is old-fashioned reasoning to speak of "the market" going up or down in the terms of the averages. To me, the averages are more or less meaningless except in the short term sense that I have used them in the first paragraph of this letter as denoting near term general buying or selling levels. Over the longer term they have no significance except as a very general measuring yardstick. The market no longer moves as a unit.

After looking over the graphs of over twelve-hundred industrial issues, I find no reason to be particularly bearish. There are some issues and groups that look lower and should be avoided, but there are a great many more that appear attractive at current levels.

LONG TERM INVESTMENT: In accounts concerned mainly with income and longer term appreciation, I advised increasing invested positions to 100% during weakness to the 275-270 buying level reached last week. I continue this advice. In addition to the issues listed in last week's letter, I would also suggest -

American Radiator  
Borg Warner  
Bendix  
Consol. Natural Gas

Cornell Dubilier  
El Paso Nat. Gas  
Hershey Chocolate  
Hewitt-Robins, Inc.

Joy Manufacturing  
Smith, A.O.  
Yale & Towne

CAPITAL APPRECIATION: In risk accounts concerned mainly with capital appreciation over a six-months period, I now advise a 75% invested position. Additional purchases should be made in the aforementioned buying zones. A list of recommended issues was given in last week's letter. To these may be added:

American Encaustic  
Chicago Great Western  
Columbia Pictures  
Dome Mines  
New York Central

EDMUND W. TABELL  
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