

# Walston & Co.

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## TABELL'S MARKET LETTER

June 19, 1953

The lows of the past week, 260.75 on the Dow-Jones Industrials and 99.06 on the rails reached on Tuesday, were approximately the same as those of the previous week when 260.89 and 99.22 were the intra-day lows. This, in effect, creates a minor double bottom. To strengthen this possibility is the fact that the breadth of the market data has turned more favorable. On June 9th, the volume totalled 2,200,000 shares and there were 1,006 declines and 470 new lows. On last Tuesday's drop, the volume was only 1,370,000 shares with 577 declines and 253 new lows. Thus it would appear that liquidating pressure is waning. The drop to 890,000 shares traded on Friday indicates that the market is at least temporarily oversold.

Stocks that turn in a good market performance during declining phases of the market are usually the first to recover when the trend is reversed. The Dow-Jones Industrials reached a low of 269.25 late in April. This was followed by a decline to 260.75 last week. Yet despite this \$8.50 decline there were over 300 stocks listed on the New York Stock Exchange that succeeded in holding above their April lows or lows reached earlier in the year. It might be interesting to see what some of these stocks are.

First, there were 29 issues in my recommended list that followed this favorable pattern. There were a great many others that reached new lows by only a small fraction but these were the ones that actually held above previous lows.

### LONG TERM INVESTMENT

Alpha Portland Cement	(47)	Corn Products Refining	(69)
American News	(33)	Great Northern, Pfd.	(54)
Armstrong Cork	(54)	Hall Printing	(17)
Babcock & Wilcox	(38)	Hewitt Robins	(26)
Bucyrus Erie	(26)	Louisville & Nashville	(64)
Burlington Mills	(12½)	Lowenstein	(33)
Chain Belt	(31)	Shamrock Oil	(39)
Chicago, Rock Island	(71)	Vick Chemical	(25)
Cornell Dubilier	(21)		

### CAPITAL APPRECIATION

Beaunit Mills	(19)	* Greer Hydraulics	(17)
Bell & Howell	(20)	Interchemical	(23)
Canadian Brewing	(19)	Minn, St. Paul & SSM	(13)
Columbia Broad. "A"	(42)	New York Central	(23)
Denver, Rio Grande	(78)	Penn Dixie Cement	(33)
Fansteel	(28)	* Standard Packaging	(14)

(\* ) - Listed on the American Stock Exchange

These issues should continue to show above average action when the advance is resumed.

Possibly the most favorable group action was in the tobacco products group. Of fifteen issues charted, ten held above previous lows. Food stocks also held very well. There are many sub-classifications in this group including soft drinks and confectionary, but of a total of 54 issues, 26 held above previous lows and the downside penetrations on the many of the remaining issues was only fractional. Excellent action was also shown by retail store groups - both department stores and food chains. 9 out of 16 department store stocks held as did 7 out of 9 food chains. Other favorable groups were brewing issues, can stocks, cement, shoes, telephone & telegraph.

Most of the above groups are defensive in nature. However, some of the more dynamic groups also kept their trend intact. This is true of a number of rail issues. The following are among those that held above previous lows in addition to those in my recommended list above.- Central of Georgia, Chicago & Northwest, Lackawana, Gulf Mobile & Ohio, Illinois Central, Minneapolis & St. Louis, Northern Pacific, Reading, Frisco and Southern Railway.

Other favorable groups include floor coverings, glass, machinery, metal products, printing & publishing and motion pictures. Also some sugars, metals and textiles appear oversold.

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