

Walston & Co.

MEMBERS NEW YORK STOCK EXCHANGE AND OTHER LEADING STOCK AND COMMODITY EXCHANGES
NEW YORK • PHILADELPHIA • LOS ANGELES • SAN FRANCISCO • LUGANO (Switzerland)
OFFICES COAST TO COAST CONNECTED BY DIRECT PRIVATE WIRE SYSTEM

TABELL'S MARKET LETTER

The market continued its creeping advance during the week on small trading. On only one day did the volume of transactions reach the million-share mark. At the week's high, the industrial average was approaching a one-third retracement of the thirty-five point decline from the January highs. The rails, of course, have already recovered half of their comparable losses. I would expect a mild continuation of the advance over the near term with, as usual, extreme selectivity.

The building supply stocks have done little marketwise for over four years, despite the fact that the building industry has been experiencing a terrific boom both in the residential and industrial sectors and 1953 volume is expected to top that of 1952. The fear of an anticipated decline in construction has held back building supply issues to the point where they certainly do not appear overvalued.

From a technical viewpoint, quite a number of building issues appear relatively attractive. They have done little marketwise since we included them in my recommended list over two years ago, but, on the other hand, they have acted very well defensively and the yields have been excellent. The present technical patterns are still constructive. Sizeable potential accumulation areas have been formed and most issues appear to be not too vulnerable in case of a general market decline. The table below illustrates the present technical patterns of a number of selected building supply issues. The upside potentials and percentage advances are obviously for the long term and not for immediate action -

	Price	Yield	Downside Support	Upside Potential	Possible Advance	Possible Decline
American Radiator	14	7.1%	13-12	22-25	78%	14%
Crane Co.	29	6.8%	29-27	50-60	100%	10%
Johns Manville	60	6.6%	60-55	85-100	66%	10%
National Gypsum	21	6.6%	19-18	35-42	100%	15%
Otis Elevator	40	6.2%	39-37	45-65	62%	10%
U. S. Gypsum	106	7.0%	100-96	170-180	70%	10%
Yale & Towne	36	6.9%	33-32	60-66	82%	10%

These issues are recommended for patient long term holding and for good yield. A technical synopsis of these issues are outlined below.

AMERICAN RADIATOR (14) This stock appears to be building up a strong potential base pattern in the 10-17 area. While no immediate move is indicated, the eventual objective is 25 followed by 35. There is some temporary supply in the 20-22 range. Would buy on all price declines. Action may be very slow. There is support at 13-12.

CRANE COMPANY (29) The upside objective was attained at the high of 42 reached in 1951. Stock held in 38-42 area. Downside penetration indicated 29. 1952 low was 29. Buy on all dips. Stock appears to be forming wide head and shoulders bottom with upside objective of 60 or better. The 29-34 potential base indicates a possible 38-43. There is support at 29-27.

JOHNS MANVILLE (60) Stock reached its first objective at 78 in 1952. Held in 78-73 area. The downside penetration indicates 63-58 where stock should be bought. Recent low was 60. Would buy on price declines as long term objective is 85 to 100.

NATIONAL GYPSUM (21) While there is no indication of an immediate move, stock appears to have formed a strong base pattern in 12-25 area. There is an initial objective of 32-35 followed by a later 42. Buy on all price dips. There is support at 19-18.

OTIS ELEVATOR (40) Stock has been in a slow uptrend since 1950. Held in the 35-39 range. The upside penetration indicates 45-49. Long term objective is 60-65. 1953 high was 45. Buy on dips. There is support at 39-37.

U. S. GYPSUM (106) Stock appears to be building a strong potential base pattern in the broad 90-135 area. Upside implications are not clear, but are substantial. Would buy on declines to 107-101 area. Recent low was 106.

YALE & TOWNE (36) At 1951 high of 48 stock had about reached objective. The top formed indicated 36-34. 1952 low was 33. There is possibility of a broad head and shoulders bottom pattern at 33-20-33, with an indication of 66 followed by 82. Recently held in 33-40 area. An upside penetration would indicate 45-51 over the intermediate term.

EDMUND W. TABELL
WALSTON & CO.

July 3, 1953

This memorandum is not to be construed as an offer or solicitation of offers to buy or sell any securities. From time to time Walston & Co., or any partner thereof, may have an interest in some or all of the securities mentioned herein. The foregoing material has been prepared by us as a matter of information only. It is based upon information believed reliable but not necessarily complete, is not guaranteed as accurate or final, and is not intended to foreclose independent inquiry.