

Walston & Co.

MEMBERS NEW YORK STOCK EXCHANGE AND OTHER LEADING STOCK AND COMMODITY EXCHANGES
NEW YORK • PHILADELPHIA • LOS ANGELES • SAN FRANCISCO • LUGANO (Switzerland)
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TABELL'S MARKET LETTER

April 9, 1954

The market continues its advance and the Dow-Jones industrials have reached a new high at 310.32. My 1954 forecast that the average would reach 325 by the end of the year may be a bit behind actual time schedule. However, despite the sharpness of the advance, the market has built up very few vulnerable situations and seems subject only to the normal technical corrections. A large number of individual issues still appear to indicate higher levels.

Below is a continuation of the technical comment of recommended issues that was started last week.

MOTOROLA has rallied from 30 to 37 3/4. There is overhead resistance at 40. Would sell on strength and await a broadening of the pattern. NATIONAL DISTILLERS has shown below average action and some further time may be needed to broaden the potential base. Other situations appear to have more attraction.

NATIONAL GYPSUM has a very strong technical pattern. At the recent high of 25 5/8, the stock had reached a new peak since the 1946 high of 33. The upside penetration of the 18-23 range indicates an initial 28-31. The long term objective is much higher. The stock should be bought.

NATIONAL LEAD has advanced sharply from its recommended level of 31 to a high of 46. However, the long term indication remains 50-55. Would continue to hold and buy on moderate declines.

NEW YORK AIR BRAKE has done little marketwise during the past six months. However, it appears to be building a strong long term pattern. Ability to break out of the long 18-23 area would be very encouraging and would indicate much higher levels. Patience may be required.

PANHANDLE EASTERN has moved from a recommended level of 66 to 80. As the upside objective on my technical work is 80-84 and there is considerable supply at the 80-85 level, would be inclined to take profits in this issue.

PARKE, DAVIS. The stock has moved moderately higher from 31 to 37. Would be inclined to take profits in the 39-41 area.

PENN DIXIE CEMENT has shown the best action of any issue in the cement group. Despite its sharp advance to 43, the stock continues to indicate higher levels. The long term objective is 55-60.

PENNSYLVANIA SALT. Believe this issue is an interesting long term growth investment. The 1951 high was 71. Has held in the 41-47 area for over six months. An upside penetration would indicate a potential 55-60.

PFIZER CORP. moved up sharply from a recommended level of 30 to 38 and has declined back to the 34-33 support zone. Would buy for longer term holding.

PHILLIPS PETROLEUM has advanced from 50 to 63. Would continue to hold. The next objective is 69 which was the 1953 high.

PITTSBURGH COKE declined from a 1951 high of 39 to 19. Has held in the 19-22 area and may be building up a potential base. An interesting long term speculation.

PUBLIC SERVICE OF COLORADO continues its favorable technical action. Has reached a high of 35. There is support at 33-32. Would add to holdings on all minor declines. Long term objective is above 40. A good investment growth holding.

PURE OIL has advanced from a recommended level of 44 to 58. May be high enough for the moment. Has reached upside objective and is near overhead supply at 59-62. Would await correction before adding to holdings.

RADIO CORP. is in a supply zone at 28-29 and action may be slow for a while but intermediate term indication is 34-38. Would continue to hold and buy on dips to 26-25 support level.

REPUBLIC NATURAL GAS has moved from a recommended level of 40 to 58. Will be ex-dividend a 100% stock distribution on Monday. Appears high enough for time being.

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SHAMROCK OIL has been one of the better acting natural gas and oil issues. It has advanced from a recommended level of 36 to a high of 51. The upside objective is the 55-65 level.

SOUTHERN NATURAL GAS has moved from 24 to 31. Appears high enough and would await correction before buying.

SYLVANIA ELECTRIC appears to be building up an accumulation area in the broad 30-36 area. Hold and buy on minor declines.

TEXAS UTILITIES has moved from the recommended level of 41 to 51. May be enough for the time being. Would switch to Idaho Power.

UNION CARBIDE. Despite the fact that the stock has moved from a recommended level of 63 to 78, still consider it the outstanding long term growth stock. May hold in the 82-73 range for a while.

UNITED FRUIT should be an interesting long term holding for appreciation and income. Has held in the 50-44 range. Would continue to hold and buy on minor declines.

WESTERN AUTO SUPPLY appears to be building up a very strong long term pattern. Despite its recent slow performance the long term possibilities are good. An interesting issue for income and eventual appreciation.

YALE & TOWNE has broken out on the upside of the recent trading range to reach 42. There is temporary supply at 44-48 but the long term pattern suggests considerably higher levels.

To summarize both the above and last week's comments, the following issues appear either high enough for the moment or have shown relatively unfavorable action. They should be sold, preferably on strength, and are being dropped from my recommended list for the time being:

American Natural Gas	Motorola
Container Corp.	National Distillers
Deere & Co.	Panhandle Eastern Pipeline
Florida Power & Light	Pure Oil
Internat'l Harvester	Republic Natural Gas
Martin, Glenn L.	Southern Natural Gas

The following issues appear to be interesting replacements for the above:

Allied Stores	National Gypsum
Black & Decker	Public Service of Colo.
Blaw-Knox	Western Auto Supply
Crane Co.	Yale & Towne
Hewitt-Robins	

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