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TABELL'S MARKET LETTER

December 3, 1954

The industrial average reached a new all-time high at 391.21 on Tuesday, reacted to 381.81 on Wednesday and was back to 391.74 on Friday. This is more or less the usual seasonal pattern with irregularity in the early part of December and strength in the later part of the month. I believe there is a good chance that the market will have a similar price pattern this year. On my technical work, the market appears to have generated enough upside momentum to work higher into the early months of 1955 with a possible price objective of around 425. In the event of near term irregularity, there is support at 380-375. However, as I have continually mentioned, the technical action of individual issues is much more important than that of averages. Below is a continuation of the review of issues mentioned in my letters over the past two years or so. The analysis is based on the technical action of the graphs of each individual issue. These recommendations, as always, are based on longer term holding and not for shorter term movements.

BLACK & DECKER (50) was originally recommended at 39. The long term objective is 70-80. Over the intermediate term, the objective appears to be 55-60. There is support at 47-45. Buy on all minor declines.

BLAW-KNOX (29) has been in a slow uptrend from the 1953 low of 16. The initial objective is 30-35 followed by a long term 45-50. A very strong long term pattern. Buy on all minor price declines.

BORG WARNER (104) was originally recommended at the 70 level. It has reached the intermediate term objective of 100-105 at the recent high of 106. The longer term objective is probably 135-145. There is downside support at 92-90 where the stock should be bought. Intermediate term holders might take profits on further strength. Long term holders should await longer term objective.

BUCYRUS ERIE (33) has moved up to 33 from the 22-23 recommended level. Its nearer term objective is 36-38 followed by a possible 42-44. There is downside support at 31-29.

BURROUGHS CORP. (24) has long been a part of my recommended list. It has advanced slowly from 17-15 to the recent high of 25. Stock does not move rapidly, but there is an upside objective of 35-37.

CALIFORNIA PACKING (33) has worked up from the 26-25 recommended area to 33 which is its first objective and where there is some overhead supply. However, the issue appears capable of reaching its next objective of 40. I would continue to hold, but some patience may be required.

CANADIAN BREWING (26) was originally recommended at 19 with an upside objective of 27 followed by a longer term 37. The first objective was reached earlier this year and the stock has held in the 27-25 area. For those with patience, would advise holding for the longer term objective.

CELANESE (23) was badly timed for purchase. My work indicated that the downside objective was either 37-31 or 19 and I thought the stock would hold at its first downside objective. However, the stock appears to be forming an accumulation base in the broad 17-24 area with an upside potential of 31-34. Would continue to hold and buy on minor price declines.

CELOTEX CORP. (25) was first mentioned at around the 20 level. It has broken out of the long 14-21 accumulation base and indicates 29-31 followed by a longer term 38. Recent high was 26. There is support at 24-22.

CERTAIN-TEED (24) originally came into the list at 15. It has broken out of the long 10-20 range in which it held for over seven years to reach a high of 25. The initial upside objective is 28-29 followed by a longer term 41. Would continue to hold and buy on minor price declines.

CHAIN BELT (40) is a better grade issue with a good yield and indicates considerably higher levels over the longer term. Its price action has been slow so far, but the intermediate term objective is 65 followed by a longer term objective of 80.

CHICAGO & EASTERN ILLINOIS (19) appears to be building up a potentially strong pattern in the broad 12-23 range. The upside potential is 32 followed by higher levels, but considerable patience may be needed before these objectives are achieved.

CHICAGO, GREAT WESTERN (35) has broken out of the long 17-28 accumulation range and now has an upside objective of 37 followed by 47-50. There is downside support at 29-30.

CHICAGO, ROCK ISLAND & PACIFIC (84) was recommended at the 66-64 level. It has broken out of the broad 60-76 re-accumulation area and has an intermediate term objective of 90-100 followed by a longer term 125-130. Buy on minor declines. Recent high was 85. There is support at 80-76.

CITIES SERVICE (125) is a relatively recent addition to the list at 95. It has a very strong technical pattern and indicates an intermediate term 140-150 followed by a higher longer term objective. Ability to penetrate the 1951 high of 120 is very encouraging. Stock should be bought on all minor price declines.

CITY PRODUCTS (36) was recommended as an investment holding for income (6.8% yield) and long term price appreciation. The stock has an interesting upside potential. Purchase is advised for patient income holders.

CLIMAX MOLYBDENUM (55) was originally mentioned at the 35-30 level. The recent breakout of the 49-56 re-accumulation range has a projection of 62-68. Would be inclined to sell on strength into that area.

COLGATE-PALMOLIVE (60) is another recent recommendation. The recent high was 63. While the intermediate term pattern suggests only 60-70, the longer term pattern is strong. Would suggest purchase on minor price declines. There is support in the 57-55 area.

COLLINS & AIKMAN (17) has done little marketwise for a long time. The technical pattern suggests no dynamic move and I would switch into other issues with more interesting upside potentials.

COLUMBIA BROADCASTING (80) has long been a part of my list and was originally mentioned in the 33-30 zone. The recent high was 85 before the 2½% stock dividend. The long term price objective appears to be around 100. Time may be required to form a new near term pattern. There is support at 75-70.

COLUMBIA GAS (15) was recommended for yield and long term capital appreciation. Would continue to hold on that basis. Longer term objective is 19-20.

COLUMBIA PICTURES (31) was originally mentioned in 14-15 area. The upside penetration of the 8-15 trading area indicated an objective of 35. The recent high was 33. Numerous stock dividends have been paid and at present levels it would appear that the stock has reached its objective. Would switch into other issues with more interesting upside potentials.

COMBUSTION ENGINEERING (57) was recommended at 45. It has held in the 48-58 area since earlier in the year. An upside penetration would indicate 68-72. The long term objective is 80. Continue to hold and buy on minor declines.

CONSOLIDATED NATURAL GAS (70) was mentioned in the 50-55 area. The long term pattern continues favorable with an objective of 80-90 followed by a higher long term objective. Continue to hold.

CONTINENTAL MOTORS (10) was recently recommended as a long term speculation. The stock has done nothing marketwise for a long period of time. There is heavy overhead supply at 11-12 that may take time to penetrate, but there is very little supply between 12 and 18. Buy for patient holding only.

CORN PRODUCTS (90) has an intermediate term potential of 95 followed by a long term 115. The stock moves slowly but is of good investment quality. There is downside support at 85.

CORNELL DUBILIER (34) originally entered my list at 22-21. The long term objective is 41. Would hold for that potential.

CRANE CO. (38) has been in my list for a long time. It is now near the upper part of the long 26-42 range in which it has held for over three years. Would be inclined to sell in hope of buying back again in the lower portion of the long trading area.

DECCA RECORDS (17) reached its initial objective at the recent high of 18. The long term objective is 25, but more time may be needed for consolidation before the longer term objective is reached.

DENVER, RIO GRANDE & WESTERN (96) was originally recommended at 46 on the basis of the present stock. The three-for-two split has distorted the technical pattern somewhat, but the stock still remains in a long term uptrend. The objective is not clear.

DE VILBISS (24) was recommended as an income issue with long term appreciation prospects. Has recently reached new high territory. Objective is 27 followed by a long term 34.

DOME MINES (17) has been a very disappointing recommendation. See no signs of an immediate move. Would switch into other issues.

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