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## TABELL'S MARKET LETTER

May 11, 1956

Inability of the industrial average to better the April high of 524.37 and confirm the strength in the rail average brought on a correction and a possible testing of the 490-480 support level in the Dow-Jones industrial average. The week's intra-day low was 497.57. The rail average reached its first upside objective of 182-180 at the week's high of 182.54. The rails should meet support at 173-168. Thursday's low was 177.07. There is a possible upside indication of 190-200 after a resting spell in the rails.

Below is a continuation of the review of my recommended list.

CALGARY & EDMONTON (26) was originally recommended by this letter at 16, and, carried along by the recent upsurge in Canadian oil stocks, recently reached a high of 28 7/8. After this substantial move, some resting may be required at around current levels, but continued retention as a long term speculation is advised. The company holds one of the largest acreage spreads and fee-owned mineral interest in Alberta and is engaged in a comprehensive program of exploration and development. The Pincher Creek gas field, which lies partially on company property, will be opened up by the new Trans-Canada Pipeline

CHAIN BELT (72) recently reached a high of 74, after being originally recommended at 30-35, and has almost reached its initial objective of 78. A longer term 125 is indicated, however. The forthcoming rights offering -- may cause some pressure on the stock and it will probably require some re-accumulation at current levels. It is, however, still suitable for long term holding. With the near term and longer range fundamental outlooks favorable and with the company's good position in the automation field, sales and earnings should continue the long term uptrend.

CORNELL DUBILIER (32) was originally recommended by this letter at the 21-22 level. The stock recently reached 39 and has reacted to its current price after the omission of the extra dividend and the reporting of poor -- first quarter earnings. Since these poor earnings are believed only temporary, however, and since future color TV production is expected to eventually double or treble the need for capacitors, which are the company's principal product, the stock would seem to have considerable merit as a long term purchase. Action may very possibly be slow but the stock now appears in a buying range for patient holders.

At its recent high of 111 1/4, CUTLER HAMMER had almost doubled in price since originally recommended by this letter at 57. The company is a leading producer of electric motor controls which are used largely in industrial installations and has an excellent long term earnings record despite the fact that its sales are sensitive to charges in industrial capital requirements. Cutler Hammer is another company which should benefit as -- the trend to automation continues as the industrial controls which it manufactures are necessary to the automated handling of materials. The stock should be held for its long term objective of 120 followed by 140.

DOW CHEMICAL (68) was originally recommended by this letter as a quality, long term growth issue. At that time the stock was selling at 38-40. However, the original growth potential remains. Although the stock appears high in relation to current earnings, cash earnings, due to accelerated amortization, are much higher than the reported figures. Amortization charges should remain high for the next few years, but an upward trend in earnings should nevertheless be in evidence. From a technical point of view, the long term objective is 95, although some backing and filling in the 70-60 area may first be required.

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