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TABELL'S MARKET LETTER

June 3, 1960

At the week's intra-day high of 634.33, the Dow-Jones Industrials were close to the top of the three-month 600-637 trading range. The downtrend line from the January high of 688.21 has already been penetrated on the upside, and ability to confirm this by a new three-month high would be a constructive development. The weekly figures on my breadth-of-the-market index are not available at this writing, but there was probably little change. There were more declines than advances on the first two days of the abbreviated week, but Thursday showed a larger number of advances. The difference in all cases was relatively small. The selective action of the market was shown by well over fifty new highs and new lows for the year reached on each day of the past week.

The same diverse action is shown by the action of some of the issues on my recommended list. MAGNAVOX (51 7/8), originally recommended at 20, reached a high of 55 during the week. From a technical viewpoint, the stock has reached the lower part of the 55-62 upside potential. ELECTRIC STORAGE BATTERY (70 1/2), also reached new high territory at 71 1/4. This issue still has a much higher long term potential. FERRO CORP. (64 7/8), recommended less than six months ago at 44, has reached 65 1/2. Its upside objective for the intermediate term was 60-73. COCA-COLA (59 1/2), SINGER MFG. (66 3/4) and WESTINGHOUSE (60 1/8) have also reached new highs. In the lower priced category, DECCA RECORDS (31 3/8), recommended at 18, reached 33 7/8. Its upside potential is 38.

On the other hand, some of the issues are still hovering around the lows. ROYAL DUTCH (37 1/4) reached its downside potential of 37. It is suggested as a good buy at around present levels, although it may take some time to form a base. AMERICAN VISCOSE (34 1/2) is already starting to form a potential base that may broaden. NATIONAL DISTILLERS (28 3/8) is almost back to the originally recommended level and is near a good support zone. FEDDER'S CORP. (20 1/4), which has held in the 17-22 range for over a year, is beginning to show better technical action. DIVCO WAYNE (26), which has held in the 28-22 range for over a year, begins to show some signs of a possible upside breakout.

U.S. FOIL B (43 1/4) entered the recommended list at 31. It was recently announced that the company had agreed to a settlement of a suit brought by a dissident stockholder against the company and Reynolds Metals. The stockholder had filed suit asking for the dissolution and liquidation of U.S. Foil. The proposed settlement involves several steps and must be approved by the Chancery Court of Delaware and the stockholders of U.S. Foil, and possibly stockholders of Reynolds Metals. The settlement also depends on a ruling by the Internal Revenue Service as to whether the settlement will subject U.S. Foil stockholders to federal income taxes. If all these hurdles are cleared, the stockholder of U.S. Foil B will receive .85 of a share of Reynolds Metals for each share of U.S. Foil B. At the present price of around 55 for Reynolds Metals, this would mean a dollar value of about 48 3/8 for U.S. Foil B if the settlement is finally accepted.

Also on the recommended list is KAISER ALUMINUM (47 1/2) recommended at 41. I suggest switching Kaiser Aluminum into U.S. Foil B. The gap between the dollar value of the proposed settlement and the market quotation will be closed when the terms of the settlement are finalized and approved. However, there is obvious risk terms will vary from those suggested above, but the risk is lessened by the spread of over 10% at present.

In the event of any price unsettlement in the general market, would suggest the purchase of AMERICAN OPTICAL (56) in the 54-50 range, and DAYSTROM CORP. (47 1/4) in the 45-43 range.

EDMUND W. TABELL
WALSTON & CO. INC.

Dow-Jones Ind. 628.98
Dow-Jones Rails 139.66