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TABELL'S MARKET LETTER

August 12, 1960

With the assistance of a reduction in the discount rate by the Federal Reserve Board from 3 1/2% to 3%, the Dow-Jones Industrial average moved above the post-margin reduction intra-day high of 622.37 to reach a high of 630.53 on Friday. As mentioned in last week's letter, this indicates, from a technical viewpoint, that the market is now in an uptrend of at least intermediate term proportions. The potential base formed by the triple bottom in the 600-597 area in March, May and July, has been enlarged to a potential 700-720, or an advance of 12%-15%. As for the rails, I mentioned that the Dow-Jones Rail average had a downside potential of 137-133. Last week's low was slightly below that projection at 131.85, but the downside objective of 29 on the Standard & Poor's rail index was just about reached at 29.29. The upside potential on the Rail average is difficult to ascertain at the moment. There is overhead supply at the 136-147 level and it is probable that the average will spend quite some time in that area.

Breadth-of-the-market has improved considerably. There were more advances than declines every day this week. On Tuesday when the Industrial average closed only 90¢ higher, there were 599 advances and only 368 declines. The figures on my weekly breadth-of-the-market index are not yet available at this writing, but I believe the index is quite close to the March high. This indicates a broadening out of the market and the probable emergence of new group leaders. Among possible leaders are aircrafts, airlines, coppers, natural gas, oil and steel.

As I have noted in the past, in the final stage of a bull market lower priced issues tend to perform better than the general market. This letter has published a "package recommendation" of low-priced stocks on several occasions in the past. It was stressed that these issues be bought as a package in order to provide the necessary diversification in a speculative list of this nature. These "package recommendation" lists have so far acted just about the same as the market, with some up and some down, but, if the bull market is not yet completed, lower-priced issues could show relatively better action than the market. The list below is slightly different than the list of February 26th as some issues like Decca (\$2 1/4) have graduated out of the below-\$20-a-share classification and are now carried on my main recommended list. I have also entered a few new situations below.

	Price	S & P Rating	1959 Earnings	Indicated Dividend	Yield
Allied Paper	14	B	\$1.62	-	-
Avco	16	B	.93	\$.50	3.1
Chemway	10	B-	.40	.40	4.0
Curtis Publishing	11	B-	.65	.35	3.2
Fedders Corp.	18	B	1.57 (1)	1.00	5.5
Getty Oil	15	B	.67	(stk)	-
Home Oil A	10	C+	-.37	.25	2.5
Hotel Corp.	5	C	.03	-	-
Intern'l Packers	13	B-	3.11	.60	4.6
Kaiser Industries	10	B-	.61	-	-
Lear	20	B-	.91	.40	2.0
National Can	8	B-	.24	(stk)	-
Northwest Airlines	19	B-	3.68	.80	4.2
Oliver Corp.	20	B	1.39 (2)	.60	3.0
Pacific Petroleum	11	None	-.48	-	-
Publicker Ind.	11	C	-.61	(stk)	-
Rayonier	17	B	2.35	.80	4.7
Rohr Aircraft	15	None	1.40	1.00	6.6
Servel	13	C	1.26 (2)	-	-
United Industrial	9	None	-.75	.20	2.2

(1) Year ended August 31, 1959

(2) Year ended October 31, 1959

Dow-Jones Ind. 626.18

Dow Jones Rails 138.95

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WALSTON & CO. INC.

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