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TABELL'S MARKET LETTER

November 29, 1963

In just two trading days the Dow-Jones Industrial average traversed a price range that we had previously believed would take two months to accomplish. On Friday, November 22nd, the tragic news of President Kennedy's death resulted in a panicky wave of selling that carried the Industrial average down twenty-one points before trading was halted. At the intra-day low of 710.83, the Industrials reached the lower part of the 720-710 area mentioned in our November 15th letter as the possible downside potential of the top formed in the 760-745 area. Also, at this point, our short term rate of change graphs of both price and breadth entered oversold territory. At Friday's close it appeared doubtful that the 710 level would hold, but on Tuesday, November 26th, the market opened sharply higher and there was no opportunity to buy the leading issues at anywhere near the lows of the previous Friday when the closing price on the Industrial average was 711.49. The opening level of the Dow-Jones Industrial average on Tuesday was twenty-seven points higher at 738.43. In fact, the opening level on Tuesday was higher than the closing on the previous Thursday before Mr. Kennedy's assassination. The rapidity of the rise probably calls for a consolidating area and the formation of a new pattern. From a technical viewpoint, all objectives have been reached. The 770-760 upside objective was reached at the late October intra-day high of 767.24, and the downside potential of 720-710 was reached at the November 22nd low of 710.83. Before any great price changes are indicated, it would appear that, from a technical viewpoint, a new pattern must be formed. This could result in the formation of a new base pattern in about the 730-750 area, or a broadening of the top in the 760-740 area. For the shorter term, the 728 level is an important technical point to watch because 728.63 was the September low on the Industrial average. This level was, of course, penetrated on the downside in the selling wave of November 22nd, but considering the tragic and unexpected news and the quick recovery to the 752.39 level this week, a second penetration of the 728 level would indicate the resumption of the downtrend that was in effect before the unfortunate happenings of the past week. Breadth action began to deteriorate in September and was confirmed in late October when the average reached the 760-770 upside potential, but our breadth index failed to confirm the advance. This was the first major upward divergence since the start of the advance from the June, 1962 lows. This unfavorable indication has been confirmed by the technical action of the 200-day moving averages of both price and depth. These are indicators that do not reverse the patterns rapidly and it would be normal action to expect an eventual continuation of the downtrend. As we have stated before, we believe the market is in a broad consolidating area that will eventually result in much higher levels over the longer term, but time will be needed to complete the pattern. The 1963 range for the Dow-Jones Industrial average so far has been 767.24 for the high and 656.66 for the low. We would expect the market to remain roughly within the confines of these two extremes for the foreseeable future. We would be a buyer as the lower level is approached and would lighten commitments and build up some cash reserve when the upper level is approached.

There will, of course, be selective price action by individual issues. In our letter of November 8th we mentioned buying ranges on twenty-four issues. Of these, fourteen reached the upper part of the buying range at last week's low. Probably it would have been impossible to have bought most of these unless open orders had been entered previously, but we are including them in our recommended list.

	Price 11/29/63	Buying Range		Price 11/29/63	Buying Range
Amerada Petroleum	70 1/4	68-61	Pure Oil	40 1/4	42 - 39
Amer. Home Prod.	60 5/8	58-55	Southern Rwy	61	60 - 56
Borg Warner	47	46-43	Amer. Metal Prod.	18 7/8	19 - 18
Eaton Mfg.	35 7/8	36-34	Amer. Radiator	16 7/8	16 - 15
General Electric	82 1/2	75-70	Copperweld Steel	39 1/2	37 - 35
Libbey-Owens Ford	52 1/8	52-50	Illinois Central	50 1/4	49 - 45
Norfolk & Western	112 1/2	112-105	Rayonier	29	28 - 25

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WALSTON & CO. INC.

Dow-Jones Ind. 750.52
Dow-Jones Rails 171.85