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## TABELL'S MARKET LETTER

March 8, 1957

After rising the first three days of this week, the market declined on Thursday and Friday and finished the week just about where it started. Volume of trading was light in both directions. Although it would be possible for my technical indicator to give a sell signal within the next two weeks, it would be highly improbable, and probabilities thus favor an extension of the current rise into the 480-500 supply area. The more important question will be, after this rally runs its course, whether the February low will again be tested. There would appear to be an even chance of this taking place, although many issues have reached what may be regarded as close to their lows. As has been the case, it will be necessary to concentrate on individual issues where values and technical factors seem to support the possibility of higher prices. Issues of this type should show the best action on any near term rally and should be the least vulnerable in any decline which may take place.

Our entire recommended list will be reviewed next week. Below are a few short comments on issues that are especially attractive for long term purchase at this time.

Officials of two companies on our list have recently issued extremely bullish forecasts for 1957. ALLEGHENY LUDLUM STEEL (61) recently estimated that 1957 sales should be better than 1956 revenues of \$286 million. The company earned \$4.04 per common share for 1956 with an additional \$3.00 cash flow arising from depreciation. The above figures do not include earnings of Titanium Metals Corporation of America which could eventually add sizable earnings potential to Allegheny Ludlum. The stock has an initial technical objective of 75 with support at 55-52.

BRISTOL MYERS' (46) officers recently predicted an increase in 1957 net income to around the \$3.75-\$4.00 per share level vs. the \$3.55 shown in 1956. Sales should rise from \$92 million to around \$100 million. The largest part of the 1957 advance will come from proprietary products such as Bufferin and Ban, and other new proprietary items will be introduced by mid-year. Bristol Myers has an initial objective of 50-55, followed by a long term 85. There is support at 40-37.

COPPERWELD STEEL (33) has acted well since our original recommendation, but indicates much higher levels over a period of time. First quarter results should be equal to last year's, but improvement should be shown in the second quarter due to a decrease in scrap prices and in the third quarter the company's expansion program should begin to bear fruit. The stock has an initial objective of 47 followed by a long term 68. There is support at 30-28.

CRUCIBLE STEEL (31) has just issued its annual report and showed earnings down to \$3.51 per common share from \$3.63 in 1956 due to the steel strike. Cash flow per common share was some \$6.60, including some \$4.4 million accelerated amortization. On a normal depreciation basis, earnings would have been in the neighborhood of \$4.10 per share. The long term technical objective is 70-75 with support just under current levels at 30-28.

EAGLE PICHER (44) continues its expansion and diversification program. Most recent acquisition was the Chicago Vitreous Corporation, the second largest manufacturer of porcelain frit in the United States. A large part of the business of this company is in the field of gasoline station construction, which should benefit substantially from the road building program. Eagle Picher's 1956 earnings were \$5.47 per common share, excluding non-recurring items. Technical objective is 61-86 with support at 41-39.

TIMKEN ROLLER BEARING (91) showed earnings of \$9.00 a share, somewhat less than those anticipated for 1956. The main reason for net being less than originally projected was a poor third quarter brought on by the steel strike. This factor will, of course, be eliminated in 1957 and earnings should show considerable expansion as automated bearing plants become more important in the company's future. The long term objective is 200 with support just under current levels.

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