

Walston & Co.

Members New York Stock Exchange

NEW YORK • PHILADELPHIA • LOS ANGELES • SAN FRANCISCO • BASLE (Switzerland)
OFFICES COAST TO COAST CONNECTED BY DIRECT PRIVATE WIRE SYSTEM

TABELL'S MARKET LETTER

July 12, 1957

The stock market reached new highs for the move during the past week with the Standard & Poor 500-Stock Index at a closing high of 49.08 as against a 1956 high of 49.74. Dow-Jones Industrials reached an intra-day high of 522.20 as compared with the 1956 high of 524.37. It has been my opinion for some time that the various industrial and combined averages would test the 1956 highs some time during the Summer and probably exceed them by a small percentage. It appears probable that these objectives will be reached shortly. Despite the sharp advance of the past two weeks, my technical indicator has not reached overbought territory. Market action must be watched closely over the next several weeks for the possibility that the advance may carry even further above the 1956 highs than originally anticipated.

*** *** *** *** *** *** *** ***

NEWMONT MINING CORP.

Statistics

Current Price	115
Current Dividend	\$3.50
Current Yield	3.0%
Funded Debt	none
Common Stock	2,791,142 shs.
Earned Per Sh. -1956	\$6.12
Mkt. Range 1957-56	130 1/2-88 7/8

One of the most persuasive reasons for the purchase of common stocks is as a hedge against long term inflation. In this connection, among the best inflation hedges are stocks of companies who control sizeable natural resources. This approach, however, presents many difficulties for the investor. Mining and oil stocks are among the most difficult of analysis and many promising equities must be analyzed as much in geological

as in financial terms. Thus, the average investor, and even the trained security analyst, experiences a good deal of difficulty in selecting promising oil and mining equities.

For the above reasons, one of the best approaches to the purchase of natural resources could well be the purchase of Newmont Mining Corp. Newmont is a holding company which has long enjoyed a top reputation in locating and developing large mining ventures. Its current net assets are conservatively valued around \$320 million and include holdings in a large number of listed stocks, plus securities for which there is no market, which Newmont owns entirely or jointly with others. Newmont continues to maintain an active managerial interest in many of its holdings and continues to search the world for promising properties in which it can assist in developing. Current net asset value is approximately the same as the current market price of \$115.00 per share, but this includes a large number of closely held securities which are carried on the balance sheet at "fair value", a figure which in many cases may be ridiculously low.

Perhaps the best guide to Newmont's ability to develop new ventures is furnished by its past record. The company's dividend income in 1956 was \$6.12 per common share vs. \$1.14 in 1947. Investments and advances are now carried on the books at a cost of \$67,450,000 vs. a current market or "fair" value of \$310,916,000. It is evident from this record that Newmont's investment acumen and ability to develop new products has been of the highest. It would take much more space than is available here to fully describe all of Newmont's holdings. The largest single holding consists of more than a million shares of Continental Oil Co., one of the most promising of America's integrated oil companies. The next largest holding is 575,000 shs. of O'okiep Copper, one of the largest South African copper producers. 259,000 shs. of Magma Copper are also held as are some 4.3 million shs. Sherritt Gordon, the fast growing Canadian nickel producer. Newmont also shares in a number of ventures for which there is no listed or unlisted market. Largest commitment among these is the wholly-owned subsidiary, Newmont Oil Co. which is engaged in extensive exploration of Louisiana and California off shore oil lands. Newmont also owns 10% of Southern Peru Copper, mentioned in last week's letter on American Smelting & Refining Co. Numerous interests in other mining and oil properties are held all over the world.

Net dividend income in 1956 amounted to \$6.12 a share. While, due to the large commitment to copper producers, net will probably be off in 1957, it should cover the \$3.50 annual Newmont dividend. 5% stock was also paid by Newmont in 1956. The stock is recommended for purchase by investors seeking long term growth in the mining and oil fields. The technical pattern of the stock is good. There is strong support at 105-100.

This market letter, in all its parts, is to be construed as an offer to sell or a solicitation to buy any securities referred to herein. The information contained herein is not guaranteed as to accuracy or completeness and the firm which issued it is not responsible under any circumstances to be construed as, a representation by Walston & Co., Inc. All expressions of opinion are subject to change without notice. Walston & Co., Inc., or its officers, directors or stockholders thereof, may have an interest in the securities mentioned herein. This market letter is intended and presented merely as a general, informed commentary on day-to-day market news and not as a complete analysis. Additional information with respect to any securities referred to herein will be furnished upon request. WN 301