

# Walston & Co.

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OFFICES COAST TO COAST AND OVERSEAS

## TABELL'S MARKET LETTER

Fort Myers Beach, Florida  
March 20, 1964

Despite the fact that the various blue chip averages have reached new all-time high territory, a perusal of the graphs of over 1,800 individual issues and groups continues to show an extremely diverse long term pattern. While some groups have followed the averages into new high territory, the majority are still holding in a broad price area bounded by the 1957-1961 highs and the 1960-1962 lows. It is our opinion that the eventual breakout of these long sidewise patterns will be on the upside. The immediate question is whether or not this will occur in the near future, or at a later date. Since the 1962 lows, the important buyers have been institutional investors rather than the general public. For the advance to broaden out on a large scale that will encompass the entire market, much greater public participation than has yet occurred will be needed. Whether the public has yet recovered from the 1962 scare is problematical. This may require further time and might be preceded by a technical correction that will enlarge the base patterns in many issues. This could result in a much higher price level in the late 1960's.

With most groups at entirely different stages of their long term patterns, it might be interesting to review a number of the leading groups.

**AEROSPACE** - Most issues in this group reached their highs in 1957 and are still selling below those levels. No indication of an important move in either direction.

**AIRLINES** - Reached their highs in 1957 and their lows in 1960. Most issues held above the 1960 lows in 1962. Have been one of the strongest groups, but have, in most cases, reached their upside objectives and need consolidation.

**ALUMINUMS** - This group also reached its high in 1957 and is well below those levels at the moment. Appears to be building a strong base pattern that could result in much higher levels over the longer term. Buy on minor price declines.

**AUTOS** - Peaked out in 1959, but held above the 1960 lows in 1962. Has had sharp price advance into new high territory, but probably needs consolidation.

**BUILDING MATERIAL** - Reached their highs in 1959 and are still below those levels. Appear to be building base patterns, but may take further time. Would accumulate group on weakness.

**CHEMICALS** - Reached their highs in 1959, and most issues are still below those levels. Long term outlook is favorable.

**COPPERS** - Still below the 1957 highs, but in a strong intermediate position.

**DRUGS** - Reached their highs with the averages in 1961. Diverse patterns within the group. No over-all pattern.

**ELECTRICAL EQUIPMENT** - Reached highs in 1959 and leaders are still below those levels. In a broad reaccumulation pattern and should be bought on price declines.

**ELECTRONICS** - Topped out in 1961 and most issues are selling near 1962 lows. No immediate action indicated, but base patterns are forming and selected issues could show wide appreciation at a later date.

**FOOD** - Reached highs in 1961 and probably will continue in longer accumulation area.

**MACHINERY** - Peaked out in 1959 and have formed strong base patterns with higher levels indicated.

**MACHINE TOOLS** - Reached highs in 1957 and have formed very strong potential bases. In a buying range.

**OFFICE EQUIPMENT** - Reached highs with averages in 1961. Still below those levels. Appear to be in reaccumulation area with interesting long term potentials.

**OILS** - One of the strongest groups for the long term despite sharp rise. Buy on minor declines.

**PAPER** - This group is still in a broad reaccumulation area with substantial higher upside potentials.

**RAILROADS** - We believe this group is in a major trend reversal. It has just moved above 1929 highs and still indicates higher levels. Should be bought on all minor price declines.

**RUBBER** - Still below 1959 highs and probably in a broad reaccumulation area.

**SAVINGS & LOAN** - Have had sharp decline from 1961 highs, but have formed substantial potential bases. An interesting speculation.

**STEELS** - Could move higher over near term, but long term prospects vague.

**TOBACCO** - A much better buy than sale, but patience may be required.

**UTILITIES** - Have shown poor action recently, but would be a buy on declines.

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WALSTON & CO., INC.

Dow-Jones Ind. 814.93

Dow-Jones Rails 193.47