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TABELL'S MARKET LETTER

March 29, 1965

Some individual issues, mainly of secondary character, continue to perform brilliantly while the market, as measured by the averages, moves in a sidewise pattern. In early November, the Dow-Jones Industrial Average reached an intra-day high of 897.00 and now a little over four months later, the average is still at about the same price level. During this four-month period, the intra-day high in the average has been 911.80, and the low has been 850.19 or a range of between 6% to 7%. During this same time period, some individual issues have moved up from 25% to 50%, or more. From a technical viewpoint, it would appear that this diverse price action will continue for somewhat longer. The laggards in recent markets have been mainly the blue chip investment issues that were the market leaders from the Cuban crisis low of October, 1962 until late in 1964. Many of these issues reached their highs several months ago. The leadership has been taken over by stocks of lesser known companies selling at lower price to earnings multiples than the larger companies. In the main, these have been sound companies. The overspeculation in "cats and dogs" that occurred in the 1961-1962 period has still been comparatively rare during the present period.

Despite the fact that the market advance is now two and a half years old and has reached a mature stage of development, there are no signs of an immediate deterioration of consequence. Our long term breadth index continues in the uptrend channel that started at the Kennedy assassination low and, as yet, there has been no divergence between it and the industrial average such as occurred in mid-1961. However, the market must be watched closely for possible signs of a loss of upside momentum. As far as the averages themselves are concerned, the narrow trading range of the past several weeks could be part of a consolidation or basing out period. The upside potential is not very great as yet, but the pattern may broaden. At the moment, from a technical viewpoint, the most favorable upside potential is around 920. This is not very exciting as far as a price rise in the averages is concerned, but it could result in much sharper advances in individual issues if the price pattern of recent months is continued. On the downside, the first important point to watch is the 885-875 area. Any decline at this stage of the technical pattern should meet support in this area if the advance is to continue without a sizable intermediate term correction. A break below this area would imply a testing of the important December low of 850.19.

At this stage of the market advance there is obviously more risk involved than at the earlier stages of the 1962-1965 bull market. We would continue to concentrate our attention on issues where the long term outlook is constructive and where the intermediate term downside risk appears relatively small when compared to the long term appreciation prospects.

Our recommended list contains issues which we believe fall into this category. The following issues have been recommended since January 1st, 1965. Some of these had been previously recommended at lower levels.

	Date	Price Then	Close 3/26/65		Date	Price Then	Close 3/26/65
Hewlett Packard	1/8	23 5/8	25	Cenco Instrum.	1/29	29 3/4	30 3/4
Vulcan Materials	1/8	18 1/8	20 1/8	Spartans Ind.	1/29	19 1/8	23 5/8
Scovill Mfg.	1/8	38 5/8	47 3/4	Metromedia	2/12	39 7/8	39 1/8
Intern'l Miner.	1/8	41 1/2	54 1/8	Litton Ind.	2/19	86	86 1/4
Korvette	1/15	42	42 3/4	MGM	3/8	44	42 1/4
				Ling-Temco	3/22	24 1/2	24 5/8

A complete recommended list will be in the hands of your Account Executive shortly. They are issued monthly and each stock is followed from its original recommendation to its ultimate elimination from the list.

We are eliminating Midland Ross which was originally recommended at 31 5/8 in September, 1963 and which reached its initial upside potential at 44. Also eliminated are American Radiator (20 7/8), recommended at 17 in January 1964, and American Metal Products (25), recommended at 18 also in January, 1964.

We are adding to our recommended list American Bosch Arma Corporation (18 7/8) and Warner Bros. Co. (33 3/4), the manufacturer of bras, girdles and Hathaway shirts. Both of these issues will be reviewed shortly.

Dow-Jones Ind. 891.66
 Dow-Jones Rails 213.69

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