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TABELL'S MARKET LETTER

December 13, 1965

Despite the fact that the Dow-Jones Industrial reached new high territory at 969.98 just a month ago, the stock market has not been a one-way street for the last four years. The Dow-Jones Industrial Average reached a high of 741.30 in November 1961. It was not until late 1963, just about two years later, that this high was bettered. If one had bought a representative list of investment stocks at around the highs of four years ago, how would he have fared at today's prices? In that four-year period, between 1961 and 1965, the Dow-Jones average of 30 industrial stocks had advanced approximately 31%. In order not to handpick our list to suit the purpose, we have selected the thirty Industrial companies in America with the biggest sales in the year of 1964. This list was taken from a compilation made by Fortune Magazine and includes only industrial companies, not banks, insurance companies or utilities. Western Electric, an American Telephone subsidiary, was included in the list of the thirty biggest. In the list below we have substituted American Telephone for Western Electric, which has no public market. The list is arranged according to the best price performance since the 1961 highs. Prices are approximate, but have been adjusted for splits, stock dividends, etc.

	1961 High	Dec. 1965	% Change		1961 High	Dec. 1965	% Change
Chrysler	15	54	+260	Shell Oil	47	63 1/2	+35
Boeing	57	138	+142	Gulf Oil	44	58	+32
Radio Corp.	22	47	+114	Westinghouse Elec.	50	63	+26
Socony Mobil	53	95	+79	National Dairy	79	86	+9
General Motors	58	103	+78	Int. Bus. Mach.	485	518	+7
Lockheed	39	66	+69	Swift & Co.	50	49 1/2	-
Stand. Oil of Indiana	29	46 1/2	+60	N. Amer. Avia.	64	62	-3
International Harvest.	28	44 1/2	+59	Union Carbide	72	70	-3
Stand. Oil of N. J.	52	82	+58	Goodyear Tire	47	45	-4
General Telephone	33	47 1/2	+44	Ford	59	55	-7
General Electric	81	113	+40	Amer. Tel. & Tel.	70	61	-13
DuPont	171	237	+39	Armour	54	42 1/2	-21
Stand. Oil of Calif.	57	79 1/2	+39	Bethlehem Steel	49	36	-27
General Dynamics	45	62	+38	Proctor & Gamble	102	69 1/2	-33
Texaco	59	80 1/2	+36	U.S. Steel	91	48 1/2	-47

The list has gained 37% which is somewhat better than the gain of 31% in the Dow-Jones Average. However, the selection of individual stocks would have made a tremendous difference. For example, a purchase of the first fifteen issues would have resulted in a percentage gain of 77%. An investment of \$1,000 in each issue, or \$15,000 total, would have a value of \$26,550 today. If, however, the investor bought the second fifteen issues in the list, he would have found that his original \$15,000 investment had decreased 3% and was worth only \$14,650 after four years.

The main conclusion to be drawn from the above compilation is that it is possible for individual issues to move against the main trend. This happened above when average prices were moving higher. It can also happen when average prices are moving lower.

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If the above sounds familiar, it should. It appeared in this letter on December 8, 1961. The only things that have been changed are the dates, the Dow-Jones Industrial Average figures, the stocks in the table (the 1965 Fortune compilation was used), and the comparison periods. (the original compilation used the 1956 highs vs. the price in December 1961). The 1961 survey showed substantially the same sort of results as those noted above.

Why do we repeat the letter at this time? Simply because investors persist in refusing to believe the conclusion drawn in the last paragraph. The letter, remember, was written in 1961, a few months before the worst market break in 25 years. As the compilation above shows, the philosophy expressed then proved true despite that break. It will prove true again regardless of what market vicissitudes may be over the next 12 months.

ANTHONY W. TABELL
WALSTON & CO. INC.

Dow-Jones Ind. 952.72
Dow-Jones Rails 244.72