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TABELL'S MARKET LETTER October 7, 1966

The Dow-Jones Industrial Average continued to slide this week. From an intra-day high on Monday of 778.11, the Average declined 38.47 points to an intra-day low on Friday of 739.64. The greatest casualties experienced in this decline were in the so-called "growth" stocks, including aerospace, airlines, electronics and radio-TV. As this letter has pointed out, during this recent market decline a great many stocks have come down to, or close to, major downside objectives. For the most part, these stocks are higher grade equities which reached their highs not in early 1966, but as far back as 1965 or 1964. With these downside objectives having been reached, they now appear to be at historically attractive levels for purchase on a long-term basis. While the process varies with each individual issue, time, quite obviously, will be needed for these stocks to complete new base formations. There also exists a minority of issues where long-term bases still exist, indicating higher levels. The recent decline in these issues has brought their prices down to intermediate-term downside objectives. We would prefer to concentrate on those stocks which do not appear vulnerable to further downside risk and could, when economic uncertainties resolve themselves, produce substantial capital gains. Selection of these issues for purchase on weakness should, therefore, be an important part of the investor's strategy over the next few months. One such stock is reviewed below.

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GULF OIL CORPORATION

Current Price	54 3/8
Current Dividend	$2.20
Current Yield	4.05%
Long Term Debt	$530,960,759
Common Stock (shs)	103,601,482
Sales-1966-E	$3,800,000,000
Sales-1965	$3,385,000,000
Earn. Per Sh. 1966-E	$4.80
Earn. Per Sh. 1965	$4.12
Current Range	58 1/8 - 48 5/8

Gulf Oil Corporation, one of the world's major integrated oil companies with important interests in natural gas, petrochemicals, agricultural chemicals and plastics, has shown a significant improvement in relative strength within the international oil group in recent weeks. On August 30th, Gulf Oil reached a 1966 low of 48 5/8. Since that time, an increase of 11.8% in Gulf Oil compares quite favorably with a decrease of 4.05% for the Dow-Jones Industrial Average for the same period. To classify Gulf Oil as an international oil is misleading. The geographical makeup of Gulf's profit continues to shift noticeably to the United States. Net income derived from U.S. operations has almost doubled from 38% in 1958 to 71% in 1965. (80% Western Hemisphere). This has enabled Gulf to benefit substantially from the rising product demand and firm domestic gasoline prices which the domestic oil companies have recently enjoyed. This shift also protects the company's earnings from the uncertain political and economical conditions which are present overseas.

Marketing operations in the Eastern Hemisphere continue to grow rapidly. Gulf Oil produces crude oil far in excess of refinery needs. The most important holding is the prolific 50% owned Kuwait concession (1,260,400 barrels daily). A sizable portion of Gulf's Kuwait output is sold to the Royal Dutch/Shell group under a long term contract. Crude oil processed in 1965 amounted to 1,166,536 barrels daily. Refined product sales advanced to 1,154,427 barrels daily. Domestically, the company markets throughout the United States, with some 33,000 retail outlets. The acquisition of Cities Service's mid-west service stations and British American's U.S. oil properties should further strengthen domestic marketing. Gulf reported first-half 1966 earnings of $2.43 per share vs. $2.03 for the similar 1965 period. This record first-half earnings represents a 19.7% increase. The increase far outperforms the international oil group and compares favorably with the better acting domestic oils. Fiscal 1966 earnings are estimated at a record $4.80, with sales for this year estimated at $3,800 million vs. $3,385 million in 1965. Long-term earnings prospects are enhanced by a successful exploration program, coupled with continuing expansion of refining, chemical and marketing facilities. The dividend rate has recently been raised to an annual rate of $2.20 per share, affording a yield of 4.05%. The company's conservative dividend policy has and will continue to permit further capital spending to strengthen the North American markets.

Selling at less than twelve times 1966 estimated earnings, Gulf Oil Corporation, originally added to our Recommended List on January 19, 1962 at 39, continues to afford the investor an attractive purchase candidate on minor weakness.

Dow-Jones Ind. 744.32
Dow-Jones Rails 184.34

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