

Walston & Co. Inc.

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TABELL'S MARKET LETTER

August 18, 1967

As measured by the popular averages, the stock market did little or nothing during last week as shortened trading sessions continued to curtail volume. The Dow-Jones Industrial Average closed the week at 919.04, virtually unchanged from the week-earlier close at 920.65. The Rail and Utility Averages slipped slightly lower.

Despite the dullness, there is wide diversity in the action of individual stocks. So-called "glamour" issues continued to fade and to exhibit marked technical deterioration while in general, better-grade stocks held firm or advanced. This sort of action has been typical over the past few weeks and we would expect its continuance in the future.

As a guide to investors who wish to upgrade their portfolios, we are concluding below our review on major industry groups. Investors having specific questions on stocks not mentioned in this or the past two letters, may contact their Walston representative for details. Issues marked with an asterisk (*) are on our Recommended List.

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OILS - Varying degrees of attractiveness exist in all segments of the oil industry. In the Producing segment, Amerada * was added to our Recommended List when it reached a buying level of 80 earlier this week. It has an upside objective of 140. While the Domestic Oils have not been spectacular, they have, nonetheless, exhibited steady strength over the past year and continue to be strong holds in investment-grade accounts. Continental Oil *, Cities Service, Phillips Petroleum * and Shell Oil * should be retained and can be bought on minor dips. In the International Oil field, Gulf Oil * has been the only really strong stock and should be held for a long-term objective of 92. There is some evidence that Royal Dutch * and Standard Oil of New Jersey may be basing out, although immediate action may be slow.

OIL WELL SUPPLY - Dresser Industries *, with an objective of 57, and Schlumberger *, with a longer term objective of 110, appear attractive.

PAPERS - Relative action of this group has been extremely disappointing, but we continue to feel that patience will be rewarded. Union Camp * and International Paper * appear fairly priced for the patient long-term holder. Great Northern Paper * continues to be one of the more interesting businessman's risk situations.

PHOTOGRAPHY - While the long-term growth potential of Eastman Kodak and Polaroid is undoubtedly great, the high P/E's and deteriorating short-term action make the immediate picture questionable. Would defer new purchases until some indication of technical improvement takes place.

RADIO-TV - There are definite signs that this group may have completed base patterns. Radio Corporation and Zenith look particularly attractive.

RAILS - Group action is mixed, but, in general, merger rails appear to have above-average technical attraction. This would include Seaboard Coast Line *, Pennsylvania, New York Central, Great Northern and Northern Pacific.

SAVINGS & LOANS - Potentially strong patterns are forming, but there is some question as to whether more work may not be needed.

SOAPS - Colgate-Palmolive * continues attractive. Procter & Gamble may be held.

SOFT DRINKS - Major stocks appear adequately priced at this point.

STEELS - Relatively, this has been one of the best acting groups in the market on a short-term basis, and it remains to be seen whether this attractiveness can translate itself into long-term relative improvement. Copperweld *, Sharon * and Republic Steel appear to be attractive vehicles.

SUPERMARKETS - More work will be needed, and group can be avoided for the time being.

TEXTILES - In most cases, we would doubt if recent short-term strength will develop into a major move.

TOBACCO - Most stocks appear to represent excellent value at this stage. American Tobacco, Lorillard and Reynolds Tobacco * appear interesting for investment accounts.

UTILITIES - Group represents long-term value, but there is no indication of an immediate move.

ANTHONY W. TABELL
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Dow-Jones Ind. 919.04

Dow-Jones Rails 258.07

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