

# Walston & Co.

Inc

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## TABELL'S MARKET LETTER

December 5, 1969

"Twixt the optimist and pessimist the difference is droll.

The optimist sees the doughnut but the pessimist sees the hole.".....

McLandburgh Wilson

In recent weeks, pessimism has run rampant not only through the Wall Street canyons, but seems to have made itself particularly conspicuous throughout many parts of the country. This gloom and doom attitude is not new to the stock market. It has been present in almost every major market decline of the last fifty years. The outstanding characteristic of this attitude is not its depth but its timing. Almost without exception, this feeling of mounting woe has reached its zenith near major market bottoms. It reflects the inherent right of every man, often exercised, to worry more over what has happened rather than to be concerned with what is to be. Shakespeare put it aptly when in Hamlet he said: "There is nothing either good or bad, but thinking makes it so."

Lately, the market, as reflected in the Dow-Jones Industrial Average, has been acting very poorly. This is without dispute. An unwarranted amount of importance was attached to the 800 DJI level. Its strength largely was psychological, and to an extent psychology is a factor with which to be concerned in the market. But statistically, the 800 level cannot be considered of above-average importance.

While the Dow-Jones Industrial average was breaking to new lows, both intra-day and on a closing basis, the Standard & Poor's 500 Composite average, as well as the S&P Industrial Average, continued to hold above their previous low points made last July. The July lows were 88.04 and 96.16, respectively. At present, these averages stand at 91.73 and 101.14, respectively. The New York Stock Exchange (index) low point this past Summer, July 29th to be specific, was 49.31. At the close on Friday, this past week, this average stood at 51.20, still holding above the previous lows.

This does not exclude the possibility, however, of the market continuing to act poorly in the period just ahead. On the other hand, it does not preclude the market's acting better than it has. The downside goals for the S&P and NYSE indices can be placed close to their previous lows. This would suggest that perhaps the Dow-Jones Industrials could dip down into the 760-750 region. This would amount to a decline of less than 5% from prevailing levels, not an altogether calamitous situation.

Furthermore, it would be extremely difficult for someone to buy 100 shares of the Dow-Jones Industrial Average, or an equivalent amount of the NYSE index - or even that of the S&P. Individual stocks are bought and sold and the chart patterns for the majority of these individual issues suggest that there is rather small downside risk potential from currently prevailing levels.

The stock market always has been its own best crystal ball and probably will remain so for a long time to come. But in the market place the past has been a good key to future action and a study of this past history points out one undisputed fact: selling when things look blackest, more often than not, reaps many regrets later on. It does little good to point out that Mr. Lowry, one of the most highly respected of all stock market technical analysts, said: "The market is always lowest at the bottom!" Perhaps he said this with tongue in cheek for there is humor to it, but it cannot be disputed. Picking an absolute bottom to the market is an exercise without merit which we will leave to Saturday's heroes. The primary need is to understand that the future is bright and that stocks are cheap when considered from the investment viewpoint, and that buyers of stock on further weakness are apt to fare better in coming months than will the sellers.

Particular situations to consider for purchase can be found either in the Tabell Recommended List or in the many situations recommended by our Research Department, listings of which are available from any Walston Account Executive.

ANTHONY W. TABELL-HARRY W. LAUBSCHER

WALSTON & CO. INC.

Dow-Jones Ind. 793.03

Dow-Jones Rails 179.76

AWT:HWL:amb

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