

# Walston & Co.

Members New York Stock Exchange  
and Other Principal Stock and Commodity Exchanges  
OVER 100 OFFICES COAST TO COAST AND OVERSEAS

## TABELL'S MARKET LETTER

March 26, 1970

The long awaited break in the prime rate this past week brought an immediate, favorable response from investors. While some near-term weakness is anticipated, it seems that the worst now is over and that the great bear market of 1969-1970 is either already dead or dying. Last week we started a review of industrial groupings, highlighting various situations. This is continued this week. The market climate now merits strong consideration on the buy side by investors seeking well defined appreciation in the months and years that lie ahead.

**CONTAINERS-METAL & GLASS.** Glass issues generally look lower under the threat of possible legislation against disposable bottles. American Can (40 7/8) has reached a downside objective, but basing in the 36-44 area probably will be required. Continental Can (73) remains in the confines of its longer-term uptrend and should be held.

**CONTAINERS-PAPERS.** The long range downtrends continue and other areas would appear to offer more attraction.

**COPPER.** Recent technical action of this group makes it one of the more interesting industries currently available. Relative strength has been improving since mid-1969, and Phelps Dodge (53 3/8), Kennecott (51), American Metal Climax (37), and American Smelting & Refining (35 1/2) all have upside objectives considerably above current levels. Even Anaconda (29 3/8), the worst acting issue in the group last year, has fine recovery prospects. Producers-price stability for 1970 appears assured despite recession prospects and most major issues are relatively cheap with tremendous yields.

**COSMETICS.** Although the group displayed outstanding strength during 1969, some topping action is apparent and profit-taking should be considered in some of these stronger issues. Faberge (26 5/8), on our Recommended List and recently weak, is at strong support.

**DRUGS.** This group, which put on a highly creditable performance during the second half of 1969, has been meeting with resistance to further upside progress recently, suggesting that a period of consolidation might be needed. Tops have formed in several leading issues, such as Merck (104) and Schering (59 5/8), and further profit taking could be expected.

**ELECTRICAL PRODUCTS.** Declines have been common throughout this group in recent months, bringing many issues down into areas of strong support where they again can be considered for investment. Two such issues are Singer Mfg. (79 1/2), on our Recommended List, and Westinghouse Electric (67).

**ELECTRONIC LEADERS.** Weakness continues to characterize this group with most issues showing only attempts at stabilization. A period of backing and filling is necessary before substantial upside movement can be accomplished. While it is possible to read somewhat lower objectives for issues like International Business Machines (333 1/4) and National Cash Register (140 1/2), the upside objectives for both issues remain in force and they continue on our Recommended List for investment purposes.

**FINANCE COMPANIES.** Basing operations have been going on in this group for the last few months, suggesting that the worst probably is over with. However, further evidence of definite improvement in the monetary picture is needed before significant upside progress can be expected. The same can be said for the **SMALL LOAN COMPANIES** which have started to show signs of improvement but which have not yet given buy signals.

**FOODS.** On balance, the charts of companies involved in production/processing and/or distribution of food products show a rising trend. This is particularly evident in the charts of Kraftco (40 3/8), Heinz (36 3/4), Campbell Soup (35 1/8) and Swift (31 1/4). These are of investment stature and can be considered during periods of weakness for purchase. Readable upside objectives are considerably above prevailing levels.

ANTHONY W. TABELL-HARRY W. LAUBSCHER

WALSTON & CO. INC.

Dow-Jones Ind. 791.05

Dow-Jones Transp. 173.28

AWT:HWL:amb

This market letter is published for your convenience and information and is not an offer to sell or a solicitation to buy any securities discussed. The information was obtained from sources we believe to be reliable, but we do not guarantee its accuracy. Walston & Co. Inc. and its officers, directors or employees may have an interest in or purchase and sell the securities referred to herein.

WN-301