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TABELL'S MARKET LETTER

April 10, 1970

We are continuing, this week, review of major industry groups initiated in this letter three weeks ago.

FRANCHISING - This group, one of the speculative favorites of a year ago, includes many issues down 50% or more in the last four months. Although in some cases downside objectives are being approached, we would continue to avoid these issues and would favor switches even at current depressed levels.

GLASS - A wide disparity among individual issues can be noted. Libbey-Owens-Ford (45 1/4), Owens-Illinois (55 1/4) and PPG Industries (30 5/8), appear cheap but unexciting. Corning Glass (231) could be vulnerable to further price erosion. Owens-Corning (91-1/8) appears interesting for purchase on weakness with a long-term objective well above current levels.

GOLD - Issues may be held on a trading basis, and continuation of short-term strength is likely. The argument for the stocks as long-term investments continues, in our opinion, to verge on fantasy.

HOLDING COMPANIES - This category includes the conglomerates which were the targets of -- in most cases -- well-deserved selling last year. Such a decline always tends to separate the men from the boys and a few issues now have well defined recovery prospects, although most continue uninteresting. Issues we would be inclined to favor would include AMK Corp. (25), Bath Industries (20), International Tel & Tel (52 1/4) and Kinney National (34 5/8). We would continue to avoid A-T-O, Inc. (10 1/2), Gulf & Western (15 1/8) and Ling-Temco-Vought (19 3/4).

HOTELS - By and large the group appears vulnerable to further price weakness.

INSURANCE - In many cases technical patterns are difficult to interpret due to recent listing, but by and large the group appears attractive with better quality issues suitable for inclusion in investment portfolios. Aetna (43), Continental Corp. (42 1/8), INA Corp. (34 7/8) and Travelers (33 7/8) all appear to be in the advanced stages of sizeable base formations.

MACHINE TOOLS - Stocks have been in downtrends for over a year, but in most cases objectives appear to have been reached. However, very little basing has been done and we would regard them as trading vehicles only until such time as reaccumulation is complete.

MACHINERY-AGRICULTURAL - Deere (41 7/8) is the most attractive issue in the group with an upside objective in the 70's. We would favor switching International Harvester (27 3/4) and Massey Ferguson (15 1/4) into it.

MACHINERY - The group, of course, includes many diverse companies. Among those which appear attractive at the moment are American Hoist (15) with an objective of 24, Clark Equipment (35 1/4) with an objective of 60, and Studebaker-Worthington (45 1/2) with an initial objective of 70.

MOTION PICTURE - Some prospects for near-term price recovery appear to exist in the group, especially in Twentieth Century-Fox (15 7/8). We would, however, avoid other issues on an investment basis.

OFFICE EQUIPMENT - This group has, of course, borne the brunt of major investment disenchantment over the past few weeks and the problems are well known -- involving a combination of relatively high price/earnings ratios coupled with slowing growth rates. We do not consider the stocks to be deeply vulnerable at these levels, although over the short-term probabilities favor lower prices. The problem is that time -- perhaps a good deal more than in the past -- may be required before the sharp uptrends in these stocks are resumed. We would thus be buyers only on weakness, and then with the objective of patient holding.

OILS - Quality international oil issues have been the most recent targets of the 1969 bear market, dropping off sharply from peak levels reached around the middle of last year. Such issues as Atlantic Richfield (61), Mobil (44), Royal Dutch (38 5/8), Standard Oil of New Jersey (56) and Texaco (26) appear to be bargains based on longer-term prospects, but no evidence of basing has manifested itself yet and holders of these issues should be prepared for a long wait before uptrends are resumed. For those willing to assume risk, attractive purchase opportunities exist in a number of specialties such as Mesa Petroleum (49 1/4) and Pacific Petroleum (29 1/8).

Dow-Jones Ind. 790.46
Dow-Jones Transp. 172.38

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