

TABELL'S MARKET LETTER

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Janney Montgomery Scott Inc.

MEMBER NEW YORK STOCK EXCHANGE, INC
MEMBER AMERICAN STOCK EXCHANGE

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We are continuing this week with our review of the current technical patterns for major industrial groups. The comments on individual stocks are based solely on technical factors, and further information on all issues is available on request.

MACHINERY - Group action in the related machinery stocks continues to be mixed. Ingersoll-Rand (87), still looks attractive for the longer term although the short-term pattern appears to be consolidating in the mid 80 area. Joy Manufacturing (42), in the pollution control area, continues in a long-term downtrend, while short-term improvement indicates a potential move into heavy overhead supply in the high 40 area. Chicago Pneumatic Tool (30), and Cincinnati Milacron (34), representative of the machine tools, also continue in major downtrends and should be avoided.

MOTION PICTURES - The stocks in this group are all in major downtrends. The two growth favorites in the industry, Walt Disney Productions (51), and Warner Communications (15), have formed short-term base patterns indicating potential upside objectives 80 and 21, respectively. Even at these levels, however, stocks are considerably below their previous highs. For aggressive trading accounts on minor weakness, we feel purchases can be justified.

OFFICE EQUIPMENT - Majority of stocks in this group are in major downtrends. Two exceptions which we feel look attractive technically are Digital Equipment (118), and Sperry Rand Corporation (42). Recent short-term strength in stocks such as Burroughs (213), and IBM (243), constitute moves only into existing overhead supply. Do not feel long-term purchases can be currently justified. The software data processing and computer leasing area also looks poor technically and would avoid.

OILS - The refining-marketing companies poor price performance can obviously be attributable to the energy shortage and the economical and political uncertainty in the Middle East. However, Cities Service (50), Shell Oil (62), Sun Oil (49), and Standard Oil of Indiana (95), look attractive at current levels because of their representation in domestic oil. Also, in the natural gas products group, Canadian Superior Oil (57), and Home Oil (53), look attractive.

PAPERS - As a group these issues continue to perform well and on any weakness toward support levels feel purchases can be justified. Downside risk in these stocks appears minimal, and the long-term relative strength remains good. Issues we feel appear attractive include Crown Zellerbach (38), Great Northern Nekoosa (48), St. Regis Paper (32), Union Camp (56), and Westvaco Corp. (35).

PUBLISHING - This group including newspapers, periodicals, and books continues to turn in a below average performance going back to the early part of 1972. Although downside objectives are beginning to be realized, would continue to avoid purchases until improving relative strength is present.

RADIO-TV - The drastic correction in the broadcasting stocks appears to be near an end. Long-term downside objectives in a great many of these issues are being reached or have been realized. However, would continue to avoid group as considerable time will be needed to improve existing patterns.

RAILROADS - Long-term group action has improved and feel that at current levels a number of stocks appear attractive for purchase. These stocks are selling at the lower level of potential support areas indicating higher prices. These would include Burlington Northern (43), Norfolk & Western (68), Santa Fe Industries (34), Seaboard Coastline (30), and Southern Pacific (34).

RAILROAD EQUIPMENT - The leader in this group has been Pullman (65), which at current levels should be watched for potential deterioration. ACF Industries (52), and Amsted Industries (46), both look attractive at current levels and on minor weakness feel purchases can be justified.

RETAILING - The long-term group strength of the department stores remains negative with the exception of Sears (86), which has recently broken out of a short-term base which counts in the overhead supply into high 90 area and J.C. Penney (72), which counts into the low 80 area. The most improved area in the retailing group is in the food stores. Would suggest possible purchase candidates to include American Stores (32), Colonial Stores (24), Safeway (40), and Winn-Dixie (43).

Dow-Jones Industrials (12:00 p.m.) 873.12

S & P Comp (12:00 p.m.) 96.91

Cumulative Index (3/21/74) 624.99

RJS/jb

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