

# TABELL'S MARKET LETTER

*Delafield, Harvey, Tabell*

909 STATE ROAD, PRINCETON, NEW JERSEY 08540

DIVISION OF

*Janney Montgomery Scott Inc.*

MEMBER NEW YORK STOCK EXCHANGE, INC  
MEMBER AMERICAN STOCK EXCHANGE

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This week concludes our review of industrial groups and stocks. All comments are based solely on technical factors and further information on individual issues is available on request.

**RAILROAD EQUIPMENT.** Short-term patterns in this group remain constructive. Long-term patterns in ACF (51) and Pullman Corporation (36) are neutral. The ability of ACF to penetrate 62 and Pullman to penetrate 42 on the upside would indicate substantially higher levels. Strong support is present under current levels and feel purchases can be justified on weakness.

**RAILROADS.** The railroad group, we feel, presents an interesting long-term buying opportunity for the investor. As a generalization, for the last four years these patterns have been in the process of consolidation. Strong support areas now exist for stocks such as Burlington Northern (37), Norfolk and Western (77), Santa Fe Industries (40) and Union Pacific (85). The ability to break out on the upside would indicate higher levels. Chessie Systems (36) and Southern Railway (55) are in major uptrends indicating higher levels.

**RETAIL-DEPARTMENT STORES.** Allied Stores (53) and Federated Department Stores (57) having broken out of long-term base patterns are approaching initial long-term objectives and we would continue to hold. Stocks which have also recently broken out indicating higher levels include J. C. Penney (59), Marcor (35) and Sears (76). We feel purchases on minor weakness in these securities can be justified as minimum downside risk appears present.

**SAVINGS AND LOANS.** Although short-term action of this group has been favorable, heavy overhead supply is present and stocks from breaking out of their long-term potential base patterns. Ability of Ahmanson & Co. (13) to reach 14, Financial Federation (14) to reach 17, First Charter (16) to reach 17, and Great Western (18) to reach 24 would penetrate this area. Interestingly, although some overhead supply is still present, Imperial Corporation of America (13) has broken out on the upside indicating initial upside objective of 22.

**SOAPS.** Colgate-Palmolive Co. (27) and Procter & Gamble (91) are both in long-term neutral patterns. However, at current levels, we feel Colgate-Palmolive with limited downside risk gives the investor a better buying opportunity than Procter & Gamble where considerable risk is indicated if current trading range is violated on the downside.

**STEEL.** Although possible short-term tops appear to be developing, we continue to feel steel group affords investor further upside potential. Stocks such as Armco (32), Bethlehem Steel (42), Carpenter Technology (33) and Inland Steel (50) can still be purchased on minor weakness. We would continue to hold commitments in Republic Steel (35) and U. S. Steel (80) at current levels.

**TEXTILES-WEAVING.** The diverse action of this group can best be shown through the technical patterns of the following three stocks. Improved short-term relative strength in Burlington Industries (29) has broadened its potential long-term base pattern. However, it must be noted that heavy overhead supply is present in the high 30's-low 40's area and we feel more time is needed. Cone Mills (52) has already broken out of a substantial base formation and has, in fact, reached long-term upside objectives in the mid-50 area. J. P. Stevens (24), on the other hand, has recently broken out of a base formation indicating a potential upside objective of 44 and we feel on minor weakness stock should be purchased.

**TEXTILES-APPAREL.** A number of stocks such as Blue Bell (44), Levi Strauss (49) and Oxford Industries (24) have performed very well technically still indicating higher levels. Farah Manufacturing (10), Hanes Corporation (23), and Jonathan Logan (18) have neutral long-term technical patterns and would watch for improvement in relative strength to justify purchase.

**TIRE-RUBBER.** Firestone (23), Goodrich (27) and Goodyear (22) are in short-term uptrends but are encountering overhead supply above current levels. Would hold commitments in stock but defer purchases until long-term patterns clarify.

**TOBACCO.** Reynolds Industries (62) continues to be the best-acting security in this group with an upside objective indicating 80-94. We feel purchase can be justified on weakness. Both American Brands (41) and Philip Morris (56), in long-term neutral patterns, reflect minimum downside risk and on any improved relative strength, should be considered for purchase.

**UTILITIES-ELECTRIC.** The common denominator for stocks in this group are short-term uptrends which indicate slightly higher levels into existing heavy overhead supply. Do not feel stocks warrant purchase at these levels.

**UTILITIES-GAS.** Relative strength action in this group remains neutral. American Natural Gas (37) and Peoples Gas (36) show minimum downside risk. With improvement in relative strength, we feel purchases can be initiated.

**UTILITIES-TELEPHONE.** A logical way to participate in this group is American Telephone and Telegraph (56). The long-term technical pattern has for the past ten years been in the process of consolidation. Recently the stock broke out in the mid 50's from a short-term base indicating higher levels. Ability to reach 60 would indicate a long-term upside objective of 88-120.

Dow-Jones Industrials (12:00 p.m.) 987.88  
S & P Comp. (12:00 p.m.) 101.85  
Cumulative Index (4/1/76) 609.53  
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ROBERT J. SIMPKINS, JR.  
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