TABELL'S MARKET LETTER

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At the start of major upswings, it is common to find oneself wondering whether stock prices are going to continue rising forever. Of course, they never do. It is a fairly obvious truism that the initial phase of any market rise is the most dynamic one, and there exists at least some evidence that this phase, in the case of the current upswing, may be behind us. True, the Dow barely managed a new closing high on Tuesday of this week, and it was joined by everybody's favorite new indicator, the NASDAQ Composite. The S & P 500, however, has not managed a new high since it reached 420.77 back on January 15, and it was actually down all of 2.85% last Friday, at 408.79. On Tuesday's rally, it could do no better than recover less than half the ground lost.

Breadth figures, likewise, have been less ebullient since mid-January. We noted at the time that the last seven trading days of 1991 each saw more than 1000 NYSE advancing issues. This particular threshold was in fact attained on 16 of the 23 trading days between December 12th and January 15th. Since then, over 16 trading days, there have been only two such occasions.

The new high list has also become somewhat smaller in the current stage of the rally. The final two days of last year saw well over three hundred new 52-week highs being posted. This declined to 200+ in mid-January, and Wednesday of this week produced only 151 new peaks.

Stock	January High	Subsequent Low	Recent
Coca Cola	83 3/8	71 1/8	79 1/8
Home Depot	71 7/8	60 3/4	65 1/8
Johnson & Johnson	117 3/8	102 1/4	107 1/8
Merck	169 3/4	149	156 1/4
Philip Morris	82 1/2	75	78 1/2
Wal - Mart Stores	59 1/8	53 3/4	54 3/4

The size of the daily new-high table may be less interesting at this point than its composition. During the initial surge from the December lows, that list tended to be comprised of familiar and deservedly well-loved names. One got the impression that portfolio managers, awed by Mr. Greenspan's Christmas present, felt the compulsion to be instantly invested and, pending a search for new names, simply utilized the old ones. Six examples of stocks that may have been the beneficiaries of this approach are shown in the table at right. For the most apart they reached their peaks in early to mid-January, declined by a minor but not insignificant amount and have since, much as has been the case with the S & P 500, recovered only a small part of their losses.

Among the actual 151 occupants of the new peak list were a number of less-than-familiar names. There was, for example, **Chrysler** (perhaps as a Japan-bashing play), **Goodyear, Maytag** and **Bank of Boston**, which would have been, just over a year ago, a candidate for the new-low rather than for the new-high list. Also present were a number of home building issues, apparently on the theory that the combination of cheap money and the President's new-found fondness for passive losses would prove irresistible.

It is, from a technical point of view, still far too early to suggest that any sort of permanent shift in market leadership has occurred. Many of last years institutional favorites have already broken out of small tops and reached their downside objectives. In the case of those that have not yet done so, the existing potential distribution areas do not, for the most part, suggest any more than minor corrections. "Once bitten, twice shy" is a reasonably good aphorism to recall when considering these issues. At many times in their long advances, which, for most of them, span the entire decade of the 1980's, it has been tempting to suggest that they were relatively fully priced and that a change in leadership might be imminent. In each case, after a period of nothing worse than sideways action, they returned to their familiar position on the list of new highs. There exists no evidence at the moment that they will not once more do so.

Of course, such a process does not go on forever. The sort of pattern exhibited by the consumer-growth stocks used to be called, as veterans of the 1950's and 1960's will remember, a "stairstep" pattern, a series of uptrends interspersed with lateral movements. Many of the investment paragons of the day produced such charts. Only, of course, the names were different. At that time, the stocks being thought of as growth issues included **Dow Chemical, International Paper,** and **Rohm and Haas.** Later the growth tag got hung on the so-called "nifty fifty", such as **Avon Products, Eastman Kodak,** and **Xerox.** Market patterns both change and remain the same.

Meanwhile, as we noted above, one must recall, while the skyrocket phase of bull markets tends to be of short duration, such markets historically possess a long and rewarding life. Likewise, shifts in market leadership occur and will almost certainly occur again. There generally exists, however, plenty of time for those leadership shifts to manifest themselves.

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Dow Jones Industrials (12:00)	3248.21
Standard & Poors 500 (12:00)	413.10
Cumulative Index (2/6/92)	7260.89