



TABELL'S MARKET LETTER

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The market continues to move ahead and has closed higher for four successive weeks. This is the longest sustained advance since September, 1948. Even though the industrial average is now in the strong 171-182 upside resistance area, there are as yet no signs of technical deterioration.

The shorter term gauge which was approaching an overbought condition the first week in July, corrected itself by a four day consolidation in the 169-171 range. The intermediate term gauge is still quite a distance away from an overbought signal. The two hundred day moving average is around 174½ as compared with Friday's closing of 173.48 on the Dow-Jones industrial average. Ability to penetrate this long term moving average would be a very constructive market signal.

Selling pressure continues to slowly decline and buying interest to slowly increase. Buying interest, while still unimpressive, appears to have made an important turn.

The overall pattern is favorable with the intermediate trend still pointing up and with indications that nearby reactions will be of only temporary significance. However, a sharp advance (say to the 177-180 area) between now and the end of the month would weaken the technical pattern. If such a rally occurs, I would suggest switching ^{out} ~~into~~ groups that have shown relatively unfavorable action and await a correction to the low 170s to replace with groups that have shown favorable action.

Groups showing favorable action include -

Agricultural Equipment	Liquor
Airlines	Motion Pictures
Baking	Natural Gas
Business Machines	Oils
Dept. Stores & Mail Order	Retail Food
Drugs	Textiles
Food Packing	Tobacco
Glass	Utilities
Investment Companies	Variety Chains

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