



## TABELL'S MARKET LETTER

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On sharply increased volume the market reached new high territory during the past week. The industrials reached a high of 184.09 and the utilities were at a top of 38.11. On the other hand, the rail average, as has been true in the recent past, failed to confirm the strength in the other two averages. At the week's high of 47.58, the rail average was still below the August 10th high of 47.88.

At the moment the market is at a very interesting point. A line connecting the 1929 high of 386.10 in the Dow-Jones industrial average, and the 1948 high of 213.36, would be penetrated if the industrial average reached approximately 186. The figure varies slightly depending on whether a daily average or a weekly or monthly average is used. Also, a line drawn from the 1946 high through the 1948 high of 194.49 has been slightly penetrated, or just about reached, depending again on whether a daily, weekly, or monthly chart is used. It is my opinion that both of these lines will be penetrated on the upside in the not too far distant future. Such a penetration would indicate the start of a broad upswing out of the accumulation period of the last three years.

However, I rather doubt that this action will occur immediately. Temporarily, the market has become overbought and is in need of further correction or consolidation before an important upswing can be built on top of an already sharp intermediate upswing from the June lows. From a timing viewpoint, would expect the market to reach its low point some time in the next thirty days. This low may be at as high a level as 181-178, or as low as 175-171. In either case, I believe the low point should mark the beginning of a more dynamic phase of the upswing initiated in June.

We have advised taking some profits in the 180-183 area. Such profit taking was advised in several issues last week. Another is added in this letter:

	<u>Last Price</u>	<u>Originally Recommended</u>
Standard Gas & El. \$4 pfd	36	24 5/8

This stock indicates higher levels over the longer term, but for the moment has reached its nearer term objective.

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WALSTON, HOFFMAN &amp; GOODWIN