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TABELL'S MARKET LETTER

The market this week tested the 255 support level in the Dow-Jones industrials for the fourth time. It also broke the series of descending lows that has been in effect since October 22nd. The table below outlines the main moves of the industrials since the year's high reached on September 11th:

	Sept.11	Oct.22	Oct.24	Oct.29	Nov.1	Nov.8	Nov.15	Nov.26
High	277.51		266.79		265.82		262.29	
Low		259.46		256.39		254.91		255.20

It will be noted that the highs also have been in descending sequence. Ability to break out of this downtrend channel would be an encouraging technical indication. Other technical gauges have also shown potential improving action and apparently substantiate my opinion expressed several weeks ago that this phase of the decline would not carry much below the 260-255 support level.

An advance at this time would be in accordance with the usual traditional pattern. On many occasions in the past, the market has reached a low in November or December and then staged a sharp advance into January or February. The present technical pattern suggests that such an advance is possible at this time. Just how far such an advance could carry in this particular instance is extremely problematical. There is a very heavy supply area at 270-277 that will furnish strong overhead resistance. However, indications are promising enough to advise increasing invested positions, in accounts concerned mainly with capital appreciation, from the 25% invested position formerly advised to 50% invested and the balance held as a buying reserve. This in no way alters my longer term opinion that the market is in the process of building a broad distributional top in an area bounded roughly by 240 and 280 in the industrial average and that the market in 1952 or 1953 will eventually decline to the 220-200 level before the major advance is resumed. Increased commitments in the 255-260 area should be considered only by those accounts interested in a speculative turn and willing to abandon such positions in the event that technical indications again turn unfavorable.

The individual issues showing the best technical action during the September-November decline were the secondary issues of the type carried in my recommended list and in which I have advised continued holding up to 25% of available funds with the remaining 75% liquid as a buying reserve. The defensive action of most of these issues has been above average and price declines, in the main, were relatively moderate. On the other hand, many of the top grade "growth issues" that had advanced sharply over recent months and had overdiscounted their immediate prospects and which I advised avoiding, suffered a sharp decline. The industrial average dropped 22 points or approximately 8% from the high of 277 to the recent low of 255. The following high grade issues declined more than double this percentage drop from the year's high:

	1951 High	Recent Low	Percent.Decline
American Cyanamid	131	102	22%
Corning Glass	78	63	19%
Dow Chemical	119	98	18%
duPont	102	82	19%
Freeport Sulphur	49	36	26%
Hooker Electro.Chem.	69	54	21%
Merck & Company	38	29	23%
Minnesota Mining	54	41	24%
Pfizer	46	36	21%
Squibb	29	22	24%
Union Carbide	66	55	16%

Even a prime investment issue can be a speculation if the price moves too far ahead of near term potentials. At the recent lows, these issues were undoubtedly selling on a more realistic basis. However, from a technical viewpoint, these issues may have to spend more time in building new patterns.

For price appreciation over the next few weeks would concentrate on the electronic issues, airlines, selected rails, building supplies, machinery issues, utilities, office equipments and undervalued soft goods stocks. For specific recommendations, consult my last letter which lists all of my recommended issues.

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