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TABELL'S MARKET LETTER

The market, as measured by the averages, continues to hold in the trading territory outlined by the September 12 lows of 267.08 in the Dow industrials and 96.87 in the rails, and the late September highs of 273.74 and 102.92. The lows of 268.97 and 99.26 reached earlier this week were substantially above the support levels and the volume on the decline was small. This relatively favorable action resulted in a rally that carried to highs of 272.36 and 101.56 on Thursday. The comeback has not been strong enough to alter the intermediate downtrend signal from the early August high of 281.47 and 105.55. The first encouraging signal would be the ability of the averages to rally above 273.74 and 102.92. This, together with a pick-up in volume and a reversal of the downtrend signal now in effect on the intermediate term indicator, would indicate a reversal of the trend and a testing of the August highs. None of these three things have happened as yet. On the bearish side, a decline below 267.08 and 96.87 would confirm the downtrend already in effect. This would be particularly discouraging if volume increased sharply on the downside penetration.

The various averages, more than any time in the past, do not convey a true picture of what is happening in the market today. Take the Dow-Jones industrials, for example. At Friday's close of 270.61 they were down only 3.6% from the 281.47 high, an infinitesimal amount. The same is true of the various other averages, as noted in the table below:

	High 1951-1952	Oct. 9th Close	% Loss
New York Times Industrials	304.96	294.93	3.2%
New York Herald-Tribune 100-Stock	152.19	148.10	2.8%
Standard & Poor 90-Stock	202.86	195.10	3.7%

Of course, the New York Herald-Tribune and Standard & Poor's averages are combined averages and include rails also, but the four averages all convey the impression that the "Market" is selling at a price level only slightly more than 3% below the highs of 1951-1952.

A quite different impression is obtained when the action of individual issues is observed. Listed below are the twenty-five stocks which head the list of the *50 most popular 1952 mid-year holdings of the investment trusts. All of these issues are industrials. Five stocks, two rails and three utilities, are left out of the list and the next five industrials added:

	1951-52 High	Close 10/10/52	% Decrease		1951-52 High	Close 10/10/52	% Decrease
Amerada	235	194	17.45%	Dow Chem.	42	41	2.38%
Std. Oil N.J.	85	75	11.76	Gen'l Mot.	61	60	1.63
Cont. Oil	75	59	21.33	Std. Ind.	92	85	18.48
Gulf Oil	58	48	17.24	DuPont	102	87	14.70
Int. Paper	56	49	12.50	Monsanto	109	87	20.18
Goodrich	72	65	18.05	West. El.	42	42	-0-
Texas Co.	60	52	13.33	Mont. Ward	75	57	24.00
Std. Oil Cal.	64	53	17.18	Sears Roe.	60	57	5.00
Gen'l Elec.	64	63	1.56	Beth Steel	60	48	20.00
Kennecott	92	73	20.65	Alum. Ltd.	62	49	20.96
Phillips	62	55	11.02	Skelly	99	82	17.17
Union Carbide	68	64	16.00	Chrysler	86	84	2.32
				Humble	86	68	20.93

Remember, this is not just a handpicked list. It is the 25 most popular industrial stocks held by investment trusts on June 30, 1952. Yet, only six have acted in accordance with the averages. The other 19 have declined from 11% to 24%. The average decline of the 25 stocks is 13.8% as compared with slightly more than 3% in the various averages. A 13.8% decline from the 281.47 high in Dow-Jones industrials would bring the average down to about 243. It appears that 243 would convey a more accurate picture of where the "market" stands today than 270.67. I have stated in the past that I expected the market to reach 235-220 before the market resumes its broad advance to much higher levels. In terms of individual stocks, the market is nearer its downside objective than would appear from the 270.67 close in the industrial average.

*The 50 most popular stocks is published by Wiesenberger & Co.

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