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TABELL'S MARKET LETTER

April 22, 1960

This week's decline has brought the Dow-Jones Industrials back to the middle of the broad trading area in which it has held since February. It is still problematical whether the consolidation shelf of almost three months duration will eventually turn out to be a base for a further extension of the rise from the March lows, or whether it is only a hesitation in the downward trend that has been in effect since the first of the year. If the March low of 596.20 holds, this week's weakness broadens the potential base. As mentioned in previous letters, the downside count of the double top formed by the highs of August, 1959 and January, 1960 at around the 680 level indicated, from a technical viewpoint, three possible downside objectives, depending on which type graph was used. One objective was 604, a second was 578, and the third and most pessimistic was 550. The first possible downside objective was about reached at the February and March lows.

Our breadth-of-the-market index, which turned quite unfavorable in December, has failed to reverse its trend as yet. I, therefore, continue to advocate the cautious investment policy suggested at that time. I would not aggressively enlarge portfolios until one of two things occurred. (1) A decline to the 580-550 level, (2), An improvement in my breadth-of-the-market index.

The above has, necessarily, referred to the market as a whole. For the past three years, however, we have had an increasing number of instances where many stocks tended to act well even in declining markets. Therefore, it is necessary, whatever the outlook for the average, to continually examine what industrial groups are showing the best relative strength. Following are relative strength ratings of major industrial groups, as of last week. The column headings have the following meaning:

1. In a definite uptrend relative to the market.
2. In a definite uptrend, but some preliminary signs of possible weakness occurring.
3. Neutral, with some indications of a downtrend starting.
4. In a definite downtrend relative to the market.
5. In a definite downtrend, but some preliminary signs of possible strength are taking place.
6. Neutral, with some indications of a major uptrend about to commence.

-1-	-2-	-3-	-4-	-5-	-6-
Dept. Stores	Meat Packing	Canned Foods	Aircraft Mfg.	Aluminum	Cement
Drugs		Heating &	Air Transport	Machinery	
Elec. Equip.		Plumbing	Auto Mfg.	Oil -	
Elec. Util.			Chemicals	Domestic	
Electronics			Copper		
Grocery Chains			Oil-Intern'l		
Office Equip.			Oil Producing		
Packaged Foods			Paper		
Soft Drinks			Railroads		
Tobacco			Steel		
Variety Chains			Tire & Rubber		
Roofing & Wallboard					

A few notes on the above classification are in order. A glance at the list of groups acting relatively worse than the market will reveal practically all the industrial classifications that have for years formed the backbone of the institutional investment portfolio. The groups acting better than the market can be divided into two categories, so-called "defensive issues" and the "super-growth" issues such as electronics.

Dow-Jones Ind. 616.32
Dow-Jones Rails 142.38

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