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TABELL'S MARKET LETTER

June 16, 1961

For some two and one-half months now the market appears to have been consolidating. After a high of just over 700 on the Dow-Jones Industrials was reached in early April, a reaction to 671.64 took place. A new high above 714 was made in late May, but the market was unable to follow through and a low of 681.16 was reached this week. During this sidewise action, volume has been sharply reduced. The 680-670 zone would appear to be a good support area.

As this letter pointed out last week, there has been a great change in market leadership during this consolidation period. While the market has been holding steady, many "glamour" issues have declined sharply and the sharp rise in a number of defensive issues has halted. This can be shown by the following table which lists the performance of some thirty-two Standard & Poor Industry Indexes from their October 1960 low to their April 1961 high, the start of the sidewise market mentioned above, and the performance of the same thirty-two groups since.

	% Change Oct. Low - April High		% Change April High-June 7th
Electronics	+43	Tires	+10
Machinery	+41	Mining & Smelt.	+10
Office Equipment	+40	Coal	+ 9
Soft Drinks	+39	Distillers	+ 9
Finance Companies	+38	Food	+ 6
Tobaccos	+38	Air Transportation	+ 5
Mining & Smelting	+36	Office Equipment	+ 5
Coal	+31	Retail	+ 5
Coppers	+31	Chemicals	+ 4
Radio & TV	+31	Electrical Equipment	+ 4
Foods	+31	Autos	+ 3
Drugs	+29	Brewers	+ 3
Utilities	+29	Agric. Machinery	+ 2
500-Stock	+27	Paper	+ 2
Agric. Machinery	+27	Soft Drinks	+ 2
Aircraft	+27	Tobaccos	+ 2
Brewers	+26	Containers-Paper	+ 1
Distillers	+26	Coppers	+ 1
Oils	+26	Aluminum	-
Aluminum	+25	Finance Companies	-
Building	+23	Radio & TV	-
Retail	+23	Rails	-
Cont. Metal-Glass	+22	500-Stock	-
Steel	+22	Aircraft	- 1
Textiles	+22	Drugs	- 1
Rails	+21	Machinery	- 1
Paper	+19	Utilities	- 1
Chemicals	+18	Building	- 2
Containers-Paper	+18	Cont. Metal-Glass	- 2
Tires	+15	Oils	- 2
Air Transportation	+13	Steels	- 2
Autos	+10	Electronics	- 5
Electrical Equip.	- 7	Textiles	-13

Some of the changes are obvious. Such groups as Electronics, Machinery, Soft Drinks, Finance and Tobacco, which led the bull market to April, have turned in comparatively poor performances since then. Tires, Air Transport, Chemicals and Autos, which had been laggards during the previous six months, now find themselves close to the top of the list.

This change in leadership is typical of a mature bull market and it will, in all probability, continue, with the so-called cyclical issues replacing the growth and defensive type stocks as market leaders.

ANTHONY W. TABELL

Dow Jones Ind. 685.50
Dow Jones Rails 110.94

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