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## TABELL'S MARKET LETTER

March 13, 1964

Following is a summary of an address entitled "The Stock Market in an Election Year", presented by the writer to the annual business conference of New York University Graduate School of Business Administration on March 14, 1964.

1964 is the fifth post-war presidential election year, and it is, therefore, interesting to examine the action of the stock market around the time of the four previous presidential elections. Politically, the four elections were evenly divided. The presidency went to a Democrat in 1948 and 1960, and the Republicans were victors in 1952 and 1956. It is interesting to note, however, that, except for a difference in timing, the price pattern in each of the four years was quite similar, regardless of which party won the election. A high of intermediate term significance was reached at some time during each of the four presidential years. As noted above, the timing was different. In 1960 the high was reached on the first day of the year while in 1952 it was reached close to the year end. In 1948 and 1956 the highs took place in the spring.

The subsequent declines in each case were of similar magnitude, ranging between 14 and 20 per cent in terms of the Dow, and the timing was similar in at least three of the four years. In these years the subsequent low was reached between nine and thirteen months after the high and, in all four cases, the next market advance carried the average to new all-time high territory.

	High	Date	Subsequent Low	Per Cent Decline	No. Months Later	Months until New High
1948	195	May	160	15%	130	10
1952	295	Dec.	254	14%	9	6
1956	524	April	416	20%	18	10
1960	688	Jan.	564	18%	9	5

The above table summarizes previous election year action. The 1948 high was in May at 195, and the subsequent 15% decline carried to a low of 160 in June, 1949. A new high was reached ten months later. In 1952, the Industrial average reached its high in December at 295. It then declined 14%, reaching a low of 254 nine months later. Six months after that, the entire decline had been erased. In 1960, a high of 688 was reached on the first day of the year and nine months later the Industrial average had undergone an 18% correction to 564 which was retraced within five months.

The only slight variation in timing was shown in 1956. Although the ultimate low was not reached until October 1957, eighteen months after the April 1956 high, this high was equalled at 523 in June, 1957. Subsequent events proved very similar to those of election years, as the market completed a 20% correction in five months and within ten months had reached new high ground.

It is quite possible that this price pattern will be repeated in 1964. We believe that the market is now in the process of forming a pattern which will result in a much higher price level over the next several years. Although individual stocks could continue their recent advance, it seems probable that more time is needed to broaden the re-accumulation patterns in the great bulk of listed stocks. Moreover, the present advance from the 1962 lows is now over 20 months old and probably in need of some consolidation in the near future.

To recapitulate, the typical election year pattern calls for an intermediate term high to be reached some time during the election year. If the general market is in need of a correction in order to broaden the base, this will probably be the case in 1964 also. The declines following presidential year highs have in former years been erased very quickly. This could also be the case in 1964 since a decline of any magnitude would probably complete the base for a major bull market to take place in the late 1960's.

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WALSTON & CO. INC.

Dow-Jones Ind. 816.22  
Dow-Jones Rails 192.60