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## TABELL'S MARKET LETTER

April 15, 1966

Following the April 5th upside breakout by the Dow-Jones Industrials from the 910-938 range, which had contained the index for five weeks, the Average reached a temporary top and reacted to an intra-day low of 932.51 on Tuesday. This was precisely where one would have expected it to meet support and, indeed, the latter part of the week was characterized by a good deal of strength with an intra-day high of 957.40 being reached on Friday.

The big news, however, was volume. Thursday's trading activity of 12,980,000 shares was the third highest single day's figure on record and the highest volume day in the history of the Exchange on which the market closed up.

Actually, the volume of trading was not all that monumental. Last October, when volume was expanding, this letter pointed out that the level of trading activity was hardly surprising. We suggested at that point that the only sensible way to look at volume was in relation to the number of shares listed, a statistic that had been showing a dramatic increase over the years. We pointed out that if volume reached the same level in relation to shares listed than it had in 1946, 1955 and 1962, 20,000,000-share days would be commonplace, and if it reached the same level attained in October 1929, total trading volume would be 146,000,000 shares.

Actually, the true significance of the high level of volume has gone largely unnoticed. If history is any guide, the continued ability of the market to continue to generate a high level of activity is the best insurance against any immediate major decline.

Let us analyze this a bit further. There is a tendency on every major upswing in stock prices for volume to expand sharply. It has done so on the rise from 1962 to date. Subsequent to that low, the lowest monthly volume of N. Y. S. E. trading was 62,890,000 shares in September of 1962. Since that time the highest figure reached has been 191,524,000 shares last month. If activity continues at this level through April, another new high will be made.

A similar expansion of volume has occurred in every major rise in the past. The following table which shows the low and high dates of each upswing and the date of high monthly volume reached during the period is of interest. It shows that in no case in recorded market history has a high in the Dow-Jones Industrials been reached prior to a high in volume. In two cases, the high in volume and the high in the Dow were reached in the same month. In every other instance, the peak in volume led the peak in the Dow by times ranging from one to nineteen months.

Stock Mkt. Low	Subsequent High-Monthly Volume	Subsequent High DJII	Lead Time
April, 1897	January, 1901	June, 1901	5
Nov. 1903	January, 1906	January, 1906	0
Nov. 1908	August, 1909	October, 1909	2
Sept. 1911	April, 1912	September, 1912	5
Dec. 1914	November, 1916	November, 1916	0
Dec. 1917	October, 1919	November, 1919	1
Aug. 1921	January, 1929	September, 1929	8
July, 1932	January, 1936 *	March, 1937	14
March, 1938	October, 1938	November, 1938	1
April, 1942	January, 1946	May, 1946	4
June, 1949	January, 1951	August, 1952	19
Sept. 1953	January, 1955	April, 1956	15
Oct. 1957	January, 1959	January, 1960	12
Oct. 1960	March, 1961	November, 1961	8
June, 1962	March, 1966 (to date)	???	-

\* does not include May, June, July 1933

What the above strongly suggests, of course, is that the high for the Dow-Jones Industrial Average on the present upswing has not yet been seen. It is true, as the volume expansion shows, that we are in an advanced stage of the upswing and there are enough symptoms of deterioration in the present upswing to make us not want to count on any substantial new advance. History does show us, however, that expanding volume --- at least as long as it continues to expand --- is a positive factor.

Dow-Jones Ind. -947.77  
Dow-Jones Rails -263.16

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