

TABELL'S MARKET LETTER

DeLafield, Harvey, Tabell

909 STATE ROAD, PRINCETON, NEW JERSEY 08540

DIVISION OF

Janney Montgomery Scott Inc.

MEMBER NEW YORK STOCK EXCHANGE, INC.
MEMBER AMERICAN STOCK EXCHANGE

August 13, 1971

Anyone who looks only at the popular stock market averages has a fairly well-defined idea as to just what the stock market has done over the past year. From May, 1970 through April, 1971, the Dow scored an advance of just over 50% and has, in the past three months, retraced just about the classic one-third of that advance. A closer look leads to two conclusions, (1) that the recent advance was, in actuality, more dynamic than that shown by the averages and, (2) that the subsequent decline has been, to date, a highly diverse affair. The following table shows the action of 99 S&P Industrial groups averages in terms of their percentage advance from their 1970 low to their 1970-1971 high and the percentage of that advance retraced at recent levels. As the table shows, 69 of 99 groups have chalked up better advances than the averages. In terms of subsequent retracement, some groups have retraced their entire advance and are selling at new lows while others, so far, have hardly been affected by the one-third retracement in the averages.

It is an old Wall Street saw that the stocks to buy on a market turn are those which have gone down the most and those which have gone down the least and, like all such adages, it has an element of truth. Those naturally inclined toward bargain hunting can find numerous candidates in the table. On the other hand, those groups which have shown above-average strength in both the rising and falling cycles could, if that strength continues throughout the decline, be outstanding performers on the next market advance.

	% Adv.	% Retrace- ment		% Adv.	% Retrace- ment		% Adv.	% Retrace- ment
Aerospace	82	49	Meat Packing	65	6	Restaurants	144	12
Air Freight	126	49	Packaged Foods	31	31	Retail Strs-Comp	72	19
Air Transport	147	52	Forest Products	32	72	Department	82	19
Aluminum	32	93	Gold Mining	76	8	Discount Strs	133	39
Atomic Energy	95	12	Home Furnishings	100	20	Food	54	42
Automobile	47	45	Hotel-Motel	92	14	Mail-Order	67	16
Auto Parts	68	13	Lead-Zinc	18	91	Variety	114	13
Auto Trucks-Parts	79	28	Leisure Time	137	13	Shoes	79	21
Brewers	47	20	Machine Tools	55	53	Soaps	49	0
Distillers	28	41	Agricultural Mach	53	55	Steel	16	112
Soft Drinks	55	10	Machinery-Comp	24	15	Sugar-Comp	63	40
Bldg Comp	50	27	Const-Mat'l	71	30	Beet Refiners	54	50
Air Cond	39	19	Industrial	60	25	Cane Refiners	90	31
Cement	63	44	Mchy-Serv Oil Well	109	11	Sulphur	75	62
Heating-Plumb	25	149	Specialty	58	26	Text-Apparel Mfrs	68	43
Roof-Wallbrd	63	23	Steam Gen Equip	119	26	Text-Synth Fibers	56	27
Cont-Metal-Glass	35	72	Metal Fabricating	78	41	Text Products	38	81
Cont-Paper	64	40	Metals Misc.	24	123	Tire-Rubber	45	22
Copper	23	101	Mobile Homes	203	9	Tobacco-Cig Mfrs	75	21
Cosmetics	63	30	Motion Pictures	95	51	Toys	88	63
Drugs	42	22	Office Equip	57	47	Truckers	128	0
Electrical Equip	61	21	Offshore Drilling	173	15	Vending Mach	87	8
Electron Maj Cos	78	33	Oil-Comp	54	27	Electric Cos	24	46
Elec House App	73	8	Crude Producers	125	6	Nat'l Gas-Dist	30	32
Electronics	89	48	Dom Integrated	52	20	Nat'l Gas-Pipe Ln	43	38
Finance Cos	49	40	Int'l Integrated	49	29	Telephone	32	69
Small Loan Cos	84	33	Paper	29	71	Banks-NYC	38	60
Food-Composite	35	17	Pollution Control	92	21	Bks-Outside NYC	44	32
Biscuit Bakers	42	27	Publishing	94	37	Sav-Loan Hold Cos	88	39
Bread-Cake	120	56	Radio-TV-Brdcasters	103	14	Ins - Life	50	21
Canned Foods	36	1	Radio-TV-Mfrs	133	30	Ins-Multi Line	50	12
Corn Refiners	35	54	Railroad Equip	49	27	Ins-Prop-Liab	90	6
Dairy Products	47	19	Real Estate	79	42	Investment Cos	24	54
			Chemicals	52	63	Confectionery	60	21
			Bituminous Coal	117	35	Conglomerates	95	41

The stock market made its most convincing attempt so far to reverse the intermediate downtrend with the Dow rallying from midweek to reach the 860 area early Friday. The deep oversold condition reached on Wednesday, the steepness of the rally, and the fact that one downside objective had been reached at the week's lows make an intermediate term bottom at least plausible. In any case, however, a period of base building will be required, and we would prefer to observe this period before stating with certainty that the decline from the April highs had been permanently stemmed.

S&P (11:00 a.m.) 859.67

S&P (11:00 a.m.) 96.00

ANTHONY W. TABELL

DELAFIELD, HARVEY, TABELL

AWT: No representation or expression of opinion or any other matter herein contained is, or is to be deemed to be, directly or indirectly, an offer or the solicitation of an offer to buy or sell any security referred to or mentioned. The matter is presented merely for the convenience of the subscriber. While we believe the sources of our information to be reliable, we in no way represent or guarantee the accuracy thereof nor of the statements made herein. Any action to be taken by the subscriber should be based on his own investigation and information. Janney Montgomery Scott, Inc., as a corporation, and its officers or employees, may now have, or may later take, positions or trades in respect to any securities mentioned in this or any future issue, and such position may be different from any views now or hereafter expressed in this or any other issue. Janney Montgomery Scott, Inc., which is registered with the SEC as an investment advisor, may give advice to its investment advisory and other customers independently of any statements made in this or in any other issue. Further information on any security mentioned herein is available on request.