

TABELL'S MARKET LETTER

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Just seven short weeks ago, on June 14, we wrote a letter which included the table below. It tabulated the performance of two groups of stocks, the so-called "Vestal Virgins" or growth favorites, and the "Sexless Spinsters," largely basic-industry, historically-cyclical companies. The table, which has been updated to show today's prices, shows the approximate price of the stocks in each group at five points in recent market history, the January 1973 high, October 1973 high, December 1973 low, April-May low, and Thursday's close. The percentage change between points is also shown together with the average for each group and the Dow-Jones Industrial Average.

	Jan High	Oct High	% Change	Dec Low	% Change	Apr-May Low	% Change	8/1/74	% Change
DJIA	1067.20	997.59	- 6.5	783.56	-21.4	788.80	+ 0.6	751.10	- 4.7
Avon Products	132	98	-25.7	58	-40.8	40	-31.0	29	-27.5
Burroughs	115	121	+ 5.2	92	-23.9	96	+ 4.3	90	- 6.3
Coca-Cola	145	145	-	115	-20.6	98	-14.7	84	-14.2
Disney	115	82	-28.6	41	-50.0	41	-	37	- 9.7
Eastman Kodak	145	135	- 6.9	108	-22.9	100	- 3.8	86	-14.0
IBM	360	280	-22.2	235	-16.0	210	-10.6	202	- 3.8
Int'l Flavors/Fragrances	48	47	- 2.0	34	-27.6	32	- 5.8	30	- 6.3
Johnson & Johnson	132	125	- 5.3	100	-20.0	105	+ 5.0	94	-10.4
McDonald's Corp	78	74	- 5.1	44	-40.5	50	+13.6	38	-24.0
Polaroid	130	125	- 3.8	65	-52.0	53	-18.4	27	-49.0
Procter & Gamble	120	106	-11.6	89	-16.0	85	- 4.5	93	+ 9.4
Sears, Roebuck & Co.	124	100	-19.3	78	-22.0	80	+ 2.5	64	-20.0
Xerox	156	150	- 3.8	115	-23.3	106	- 7.8	94	-11.3
Average			-9.9		-28.8		- 5.5		-14.4
Alcan Aluminium Ltd	26	40	+53.8	36	-10.0	27	-25.0	29	+ 7.4
Allied Chemical	28	48	+71.4	43	-10.4	39	- 9.3	36	- 7.6
Alcoa	40	54	+35.0	44	-18.5	43	- 2.2	46	+ 6.9
Bethlehem Steel	30	36	+20.0	27	-25.0	29	+ 7.4	30	+ 3.4
Int'l Paper	42	57	+35.7	43	-24.5	42	- 2.4	46	+ 9.5
Kennecott Copper	26	38	+46.1	31	-18.4	31	-	35	+12.9
Monsanto	55	74	+34.5	43	-41.8	60	+39.5	60	-
Phelps Dodge	44	50	+13.6	39	-22.0	35	-10.2	37	+ 5.7
U. S. Steel	34	37	+ 8.8	30	-18.9	40	+33.3	45	+12.5
Westvaco	28	40	+42.8	27	-32.5	27	-	27	-
Weyerhaeuser	28	41	+46.4	34	-17.0	40	+17.6	34	-15.0
Average			+37.1		-21.7		+ 4.4		+ 3.2

We pointed out in June that we thought the figures were interesting. In the first nine months of 1973, the Dow posted a 6.5% decline, while the cyclical issues advanced 37%, vs. a 9.9% average decline for the growth stocks. The cyclicals matched the performance of the Dow on the downside in the decline from the October high to the December low, whereas the growth issues declined considerably more sharply. Likewise, on the move to the April-May lows, the growth issues dropped another 5 1/2% while the cyclical issues advanced.

It is in the last column that the major difference exists between the table above and the earlier version of it published last June. When we published that letter, the Dow was at 844.81, some 90 points higher than it is today. At that point the growth stocks had, for the first time, been able to show superior performance over a short period. They were up almost twice as much from April-May lows as were the cyclical issues and had considerably bettered the rise of the Dow. We concluded the June 14 letter by saying, "We think it is premature to conclude that the superior growth stock performance which characterized 1971 and 1972 and then disappeared abruptly in 1973, is about to burst out again in its old refulgence."

Such has certainly not been the case, as the last column above shows. Of the 13 growth stocks, 12 are below their April-May lows and the average 14.4% decline is considerably worse than the Dow decline of 4.7%. By contrast, only two of the cyclicals are down, and this group, on average, remains 3.2% above its prior low. We think, in sum, that the conclusions drawn in our June 14 letter are still valid.

Dow-Jones Industrials (12:00 p.m.) 750.39
S & P Comp. (12:00 p.m.) 78.57
Cumulative Index (8/1/74) 447.43
AWT/jb

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