

TABELL'S MARKET LETTER

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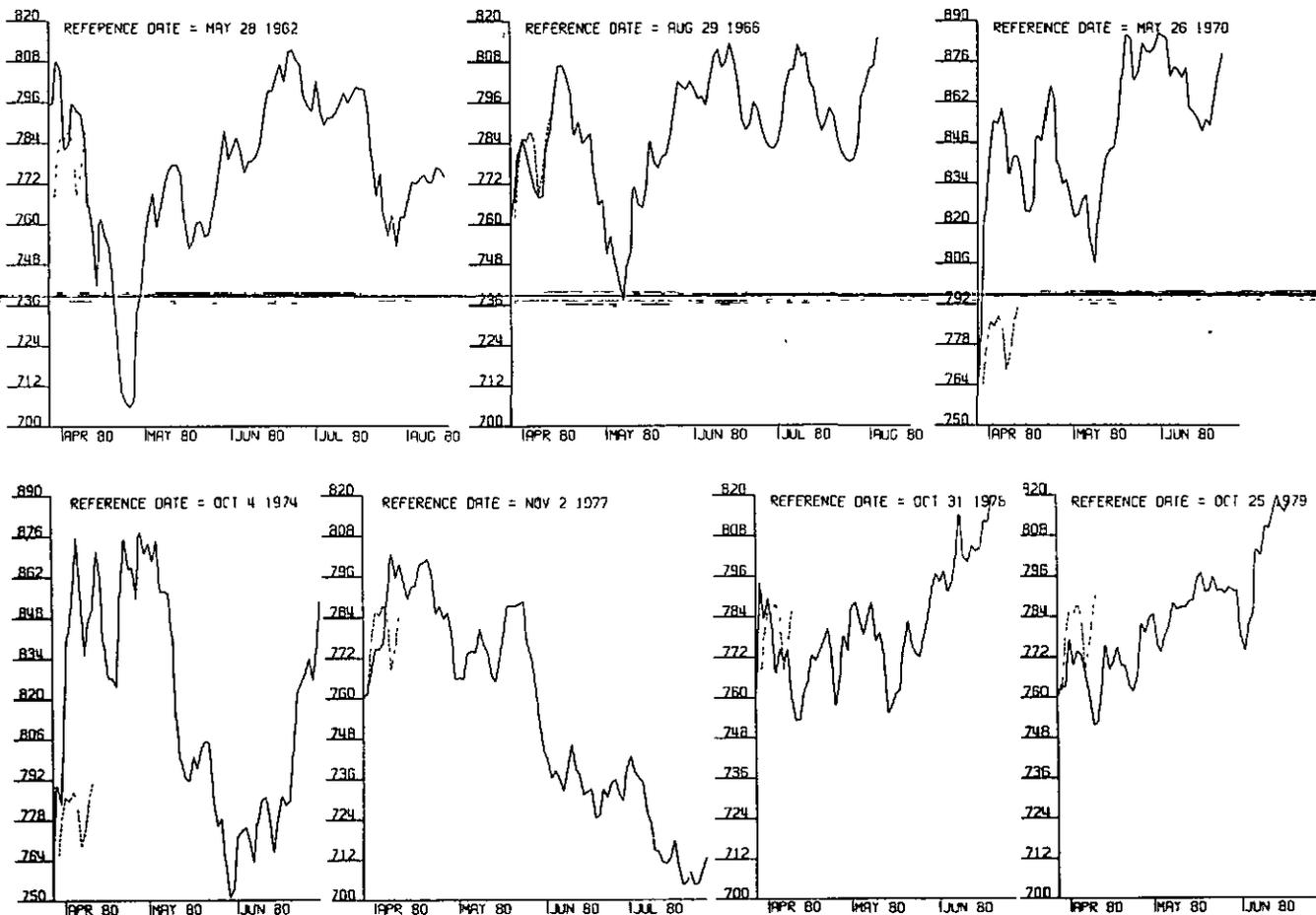
Janney Montgomery Scott Inc.

MEMBER NEW YORK STOCK EXCHANGE, INC
MEMBER AMERICAN STOCK EXCHANGE

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We have expressed the view in these pages that the extraordinary market action of March 27 had many of the earmarks of the sort of initial selling climax which characteristically occurs in the early stages of a bottom formation. We acknowledge that there are those pessimistic observers who may argue with this view, but, accepting it as a hypothesis, it is worthwhile to ask what sort of market action we might then expect over the near term.

The charts below show the market action of the Dow-Jones Industrial Average following various reference dates, each of these reference dates marking the occurrence of a previous initial selling climax. In all cases, the Dow has been adjusted to make it equal to 759.98 (the March 27 close) on the reference date. The time scale has also been adjusted to show the equivalent time period in 1980. In each chart, the actual action of the Dow for the ten trading days since March 27 so far has been shown by a dotted line.



It is interesting to note that in almost all cases there has been an initial rally approximately equivalent or, indeed, in 1970 and 1974, substantially greater than the present one. What is also interesting, however, is that all instances, with the exception of 1970, involved the return to an area somewhere around the initial low. In 1962 and 1977-78, the market moved below the initial lows to today's equivalent of about 705.

It is possible to analyze these past cycles in some detail, but one point clearly stands out. That is the fact that, if it is granted that the current process constitutes a base formation, the prospect of a move back to the old lows possesses a fairly high degree of probability. Moreover, as the charts show, such a move would not necessarily constitute evidence that a bottom is not, in fact, taking place.

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Dow-Jones Industrials (12:00 PM) 795.22
S & P Composite (12:00 PM) 104.46
Cumulative Index (4/10/80) 718.74
AWT:sla

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