

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

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Energy issues have accounted for a large part of the stock market story for some three years now, and in many ways they continue to do so. Certainly a large part of the rise from early 1978 through last winter can be accounted for by the action of oil stocks, as can the subsequent weakness from Spring 1981 to date. Unfortunately, recent oil-stock strength has not been able to lift the market out of the doldrums in which it has been drifting for the past couple of months. The table below gives some relevant statistics regarding the price action of the oil stocks in the S & P 500. These issues account for more than 20 percent of the weight of that index.

SECURITY	(1) PRICE 6/28/78	(2) 1980 HIGH	(3) % CHANGE (1 VS 2)	(4) 1981 LOW	(5) % CHANGE (2 VS 4)	(6) PRICE 8/12/81	(7) % CHANGE (2 VS 6)	(8) % CHANGE (4 VS 6)
ATLANTIC RICHFIELD	24.875	71.750	188.442	41.625	-41.986	52.875	-26.307	27.027
CITIES SERVICE CO.	16.125	60.625	275.969	38.750	-36.083	68.625	13.196	77.097
CONOCO	26.375	72.125	173.460	47.875	-33.622	89.875	24.610	87.729
EXXON CORP.	22.000	43.375	97.159	32.000	-26.225	35.125	-19.020	9.766
GENERAL AMERICAN OIL OF TEXAS	27.500	57.750	110.000	34.500	-40.260	47.250	-18.182	36.957
GETTY OIL COMPANY	36.375	104.750	187.973	60.875	-41.885	78.375	-25.179	28.747
GULF OIL CORP.	23.125	51.500	122.703	31.000	-39.806	40.125	-22.087	29.436
LOUISIANA LAND EXP.	21.750	61.875	184.483	32.250	-47.879	40.125	-35.152	24.419
MESA PETROLEUM	8.250	33.750	309.091	23.750	-29.630	31.625	-6.296	33.158
MOBIL CORP.	15.625	44.750	186.400	27.375	-38.827	31.250	-30.168	14.155
PHILLIPS PETROLEUM	32.250	60.625	87.985	35.250	-41.856	46.375	-23.505	31.560
ROYAL DUTCH PETROLEUM	29.375	55.000	87.234	30.500	-44.546	35.750	-35.000	17.213
SHELL OIL CO.	15.250	61.750	304.918	38.500	-37.652	48.250	-21.862	25.325
STANDARD OIL OF CALIFORNIA	19.875	57.750	190.566	36.500	-36.797	44.500	-22.944	21.718
STANDARD OIL OF INDIANA	24.000	99.500	314.583	50.750	-48.995	63.375	-36.307	24.877
SUN CO.	20.750	58.500	181.928	32.375	-44.658	43.875	-25.000	35.521
SUPERIOR OIL CO.	10.000	47.125	371.250	36.375	-22.812	43.875	-6.897	20.619
TEXACO INC.	23.875	51.750	116.754	34.000	-34.300	38.500	-25.604	13.235
UNION OIL OF CALIFORNIA	11.875	54.750	361.053	29.875	-45.434	39.750	-27.397	33.054

As can be seen, oil-stock action between mid-June, 1978 and early 1981 was more or less uniform. The 19 issues shown appreciated by amounts ranging from almost 100% to well over 300% to their highs, generally scored in November of last year. They then, again, almost uniformly, underwent sharp corrections to recent lows posted this Spring. Since that time, as the last two columns of the table show, they have posted recoveries of rather widely varying degrees.

The extent of recovery from the 1981 lows is sufficient to divide the issues into two groups on purely technical grounds, and it turns out these technical grounds correspond with the fundamental situation. The leading performer has, of course, been Conoco, about to be taken over. Following on its heels are Cities Service, Mesa and Superior, all the subjects of published speculation as possible takeover candidates. The other large companies, generally regarded as possible acquirors rather than acquirees, have shown rather more modest rebounds and remain at substantial discounts from their highs of last Fall.

Technical potential for the group also seem to divide into two classes. By and large the takeover candidates are approaching what can be regarded as their long-range upside objectives and present a fair degree of downside risk should their projected acquisition fail to materialize. The other issues can, by and large, be said to have reached downside objectives at their 1981 lows, and the recoveries from those lows probably, at the very worst, constitute initial attempts at the formation of new bases. What must be emphasized, however, is that, with the lows having been scored only a few months ago, these bases may take time to complete. While any weakness from current prices may put these issues at long-term attractive levels, it is difficult to see them providing the kind of upside leadership that they contributed between 1978 and 1980, at least until such time as the bases are complete.

NOTE: Comments on individual issues are based on technical factors only. Further information available on request.

AWT:rs

ANTHONY W. TABELL
DELAFIELD, HARVEY, TABELL

Dow-Jones Industrials (12:00 p.m.) 941.97
S & P Composite (12:00 p.m.) 133.33
Cumulative Index (8/13/81) 1161.24

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