

**TABELL'S
MARKET
LETTER**

August 21, 1981

Very little took place during last week's trading to change the rather desultory nature of the stock-market picture, at least as far as the Dow-Jones Industrial Average is concerned. At its Tuesday close of 924.37, that most widely followed of market indicators reached its lowest level of the year and came within one percent of the December 11, 1980 low, from which the year-end rally which culminated with the April 27th high of 1024.05, began. The signs of a climactic reversal, signs that we have been suggesting investors look for for some weeks now, were notable by their absence.

It is perhaps worthwhile to point out, however, as we have often had to do in the recent past, that the Dow is but one facet of an ever-more-diverse market. We have listed in the table below the action of the Dow plus six other major market indicators at various points during 1981. For comparison purposes, we have restated all of them, using the low of last December as a base equal to 100. A glance at the table will show the widely divergent action.

	DJIA	S&P 500	DJ Trans	DJ Util	S&P 400	NYSE Fin'l	ASE Mkt Value
Early Jan. High	110.59	108.45	108.00	106.28	108.09	114.87	109.03
Mid-Feb. Low	102.55	99.70	100.67	95.09	98.95	105.70	100.81
Late April High	112.73	106.38	118.78	96.74	105.67	120.21	111.65
Mid-May Low	106.05	101.85	108.93	93.81	101.15	114.07	109.15
Mid-June High	111.40	104.91	116.28	101.62	103.41	130.36	115.57
Late July Low	101.78	99.82	106.46	95.86	98.58	114.04	109.52
August High	104.97	104.17	108.54	103.45	103.77	119.00	116.07
Recent Low	101.75	102.16	106.02	101.99	100.81	116.29	112.38

The last two of the indicators, the NYSE Financial and the ASE Market Value indices, afford little hint of the 1981 weakness suggested by the other averages. The former had, as of mid-June, advanced over 30 percent from its December low and remains, at this week's low figure, 16 percent above that low. The ASE index, while not having performed as dynamically, is the only one that suggests a continuous uptrend over the period involved, each successive high and each of the four successive lows having been higher than the previous one. That indicator, at 367.94 as of Tuesday, still remains marginally above its July figure of 358.88, and the uptrend thus remains intact.

The Dow Industrials and Transportation along with the S&P 500 exhibit more or less similar patterns. All three indices posted their highs back last April and have remained well below those highs since. The recent action of the 500, though, is marginally superior, reflecting no doubt the recent improvement in energy stocks. It has managed to hold above its lows of both May and July, something the two Dow averages have been unable to do. The 400, which peaked back in January, has also managed to remain above its July high so far.

By far the most interesting action, however, is that of the Dow-Jones Utilities. Through mid-May, as a comparison of the numbers shows, its action had been dramatically inferior to that of the other indicators, and it was the only one at that point that was substantially below its December figure. Since May, however, it has entered into a vigorous rallying phase. It has posted two successive new highs, both in June and August, and its current level is further above its July low than is the case with any of the other series. Indeed, it remains not too far from its August peak, suggesting that it might be a leader on any market upturn which occurred from these levels.

It is interesting to note that this sort of action is taking place within the context of a potentially very strong utility pattern. At its high of last December, the Dow Utility Average had moved out of what was essentially a three-year base suggesting significantly higher levels. All of 1981 action so far can be viewed as a correction, testing the support afforded by that base, and this support, so far, has held very nicely. The ability of this average, now at the 113-114 level, to move above 119 would confirm this pattern and suggest that utility issues might be leaders in the next upside phase. Despite possible general market weakness, therefore, utility stocks should be watched closely as potential investment purchases.

AWT:rs

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Dow-Jones Industrials (12:00 p.m.) 925.23
S & P Composite (12:00 p.m.) 129.96
Cumulative Index (8/20/81) 1142.15