

# TABELL'S MARKET LETTER

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Our readers are aware that, while allowing for the possibility of a fairly dynamic short-term rally, this letter has not been particularly optimistic about the intermediate-term prospects for stock prices. As a contrast, therefore, we feel we should draw attention to one particular portent which has manifested itself as a result of the last few days' strength. The Dow-Jones Industrial Average closed October at 852.55, and, barring unforeseen disaster, it will close higher than that next Monday. This means that November, 1981 will be an up month.

This has some significance since, for reasons we are totally unable to explain, the month of November seems to possess some predictive value for market action for as long as a year ahead. Action for the month itself has been almost precisely normal. In the 85 years since 1897, the Dow has been up 51 times in November and down 34, showing a rise 60% of the time. This is close to the 57% rising average shown by all one-month periods since the Dow was first constructed. What is interesting, however, is what has happened following the 50 past instances of an upward November. The following table summarizes some pertinent figures.

Period Length In Months	ALL PERIODS			FOLLOWING UP NOVEMBER			Average Year Change	Average Year Change Following
	Periods Up	Periods Down	% Up	Periods Up	Periods Down	% Up	All Periods	Up November
1	577	440	56.7	35	15	70	0.49	0.92
2	576	440	56.7	31	19	62	1.00	2.32
3	587	428	57.8	32	18	64	1.53	2.07
4	596	418	58.8	34	16	68	2.05	3.73
5	615	398	60.7	36	14	72	2.60	4.89
6	605	407	59.8	33	17	66	3.16	4.39
7	612	399	60.5	32	18	64	3.71	4.70
8	612	398	60.6	37	13	74	4.25	6.95
9	602	407	59.7	35	15	70	4.83	8.55
10	608	400	60.3	35	15	70	5.42	7.62
11	606	401	60.2	32	18	64	6.03	7.27
12	614	392	61.0	32	18	64	6.62	8.61

The table shows the history of all market periods of one to twelve months in length since 1897 and compares it with the 50 periods of like length following an upward November. Taking the first line as an example, of the 1017 one-month periods since 1897, the Dow was up in 577 cases and down in 440, thus showing a rise 56.7% of the time. In the 50 Decembers following an upward November, however, the average found itself up 35 times and down only 15, thus rising 70% of the time. The average percentage change for all 1017 one-month periods was just under one half of 1%. For the 50 periods following an up November, the average advance approached 1%. The table may be read in the same way for all periods of lengths from two up to twelve months.

A glance through the table will show that the predictive value of November appears to be quite uncanny. For all twelve period-lengths, the market produced a greater percentage of rising periods following an upward November than was the case overall. For example, it rose 70% or more of the time over periods of one, five, eight, nine or ten months compared with an expectation of around 60%. Likewise, the average percentage change following an up November comfortably exceeded the average percentage change for all periods of similar length no matter what the length of the period in question. The average December-January change following an upward November, for example, was 2.32% versus an expected average of 1%.

Now none of the above says the market cannot go down after an upward November, and it has, indeed, done so on numerous occasions. Certainly, there are large numbers of other factors detailed at length in recent letters which go into the formation of our present market opinion. Nonetheless, the recent rise, causing November of this year to be an up month, has, marginally at least, improved market prospects.

AWT:lt

Dow-Jones Industrials (12:00 p.m.) 882.71  
S & P Composite (12:00 p.m.) 124.46  
Cumulative Index (11/25/81) 1124.06

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