TABELL'S MARKET LETTER

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A stock market which acts poorly is bad enough. Those of us who have been around for awhile are inured to fairly protracted periods during which the market's upside action is somewhat less than exciting. Presently, to make matters worse, however, the market is beginning to take on some of the aspects of bad melodrama.

Some three weeks ago, it will be recalled, we had The Great Upside Explosion, in which the Dow rallied some 21 points on 67 million shares of volume on January 28, followed by a further six-point advance on 73 million shares the next day. That was it. The market dropped 20 points the next Monday, did nothing for a week, and promptly turned once more due southeast. That particular decline was interrupted this week by another probable non-event to which those whose optimism is unrestrained may refer as The Test.

These latest theatrics started on Tuesday, following the three-day holiday this week, with the Dow opening down some eight points at 825.06 --- within a point of the September low of 824.01. There can hardly be an investor, at this point, who is unaware of the importance of that now-five-month-old bottom. In the first hour of trading the market moved significantly below the September figure and remained there most of the day, but, in the last couple of hours, it managed to post an eight-point rally and thus avoid closing below the magic figure. The follow-through to this one was as non-existent as it had been in January. The market spent almost all of Wednesday trading below its Tuesday close. A rally attempt on Thursday was, by and large, erased in the afternoon. The first two days of this momentous action took place on the usual 40-some-odd million shares of volume which have tended to characterize the torpid trading pace of 1982 thus far. Nonetheless, however marginally, the test of the September lows is, as of this writing, still successful.

At the risk of stupefying our readers with figures, we offer the following table which documents recent low figures for a number of averages. The first two columns show the level and date of the September low. For most averages, this was September 25 on a closing basis and the following day, September 28, on an intra-day basis. Shown in the next two columns are the level and date of the most recent low. The date varies considerably, depending on which indicator one is looking at. Many averages made new lows on February 16 and 17. Others, as shown in the table, posted their recent lows a week or two earlier. The low for the Dow Jones Utilities is back in mid-January. Shown in the final two columns is the mid-October low, generally posted on October 26.

	September		Most Recent		Mid-October	
Average	Low	Date	Low	Date	Low	Date
DJIA - Close	824.01	9/25/81	827.63	2/17/82	830.96	10/26/81
- Intra-Day	807.46	9/28/81	817.26	2/16/82	823.63	10/26/81
DJ Trans. - Close	335.48	9/25/81	337.28	1/26/82	366.17	10/26/81
- Intra-Day	326.18	9/28/81	334.60	1/25/82	362.71	10/26/81
DJ Utilities - Close	101.28	9/28/81	103.61	1/13/82	103.08	10/16/81
S & P 500 - Close	112.77	9/25/81	113.68	2/9/82	118.18	10/26/81
- Intra-Day	110.19	9/28/81	112.06	2/16/82	116.81	10/26/81
S & P 400 - Close	125.93	9/25/81	126.71	2/9/82	132.00	10/26/81
- Intra-Day	123.09	9/28/81	127.83	2/16/82	130.45	10/26/81
NYSE Composite-Close	64.96	9/25/81	65.71	2/17/82	68.58	10/26/81
- Intra-Day	63.76	9/28/81	65.70	2/16/82	68.25	10/26/81
NYSE Ind.- Close	73.52	9/25/81	74.28	2/17/82	77.86	10/26/81
NYSE Fin.- Close	67.77	9/9/81	69.86	2/17/82	72.47	10/28/81
AMEX Mkt Value - Close	276.76	9/25/81	271.68	2/16/82	305.64	10/21/81
- Intra-Day	266.40	9/28/81	269.87	2/16/82	302.95	10/22/81

Viewed in this fashion, the pattern for the various averages becomes quite similar. For every one of the indicators, except the Dow Utilities, the low of last October was penetrated in recent trading. However, for all but one, the "magic" September figure remains inviolate, the sole exception being the American Stock Exchange Market Value Index which may be demonstrating the downside leadership it spent two years showing on the upside. The above figures may come in handy for future reference, either in documenting formation of a bottom or for noting the ultimate penetration of each threshhold as the market moves lower.

We have not included in the table, since it is not properly an average, the action of market breadth, which is at least of moderate interest. Most breadth indices had moved below their September lows prior to the aborted rally of January. They continued in this direction by moving again to new lows in this week's trading. As we have pointed out in recent issues of this letter, this sort of breadth action is precisely the opposite of what one would expect during the formation of a major-cycle bottom.

As readers may have gathered from the above, we are inclined to view the market's two most recent attempts to display strength as something less than decisive. It remains, of course, possible that the September low will hold, and we hope we are open-minded enough to be convinced of this case if bullish evidence accumulates. We do not, however, see such evidence as having accumulated in the past three weeks.

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Dow-Jones Industrials (12:00 p.m.)	828.77
S & P Composite (12:00 p.m.)	113.78
Cumulative Index (2/18/82)	1059.79