TABELL'S MARKET LETTER

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If market action in March has done nothing else, it has at least created a new benchmark date. That date, it can now be recognized some three weeks after the fact, is March 8, on which the Dow Jones Industrial Average closed at 795.47. At that level, the Dow, along with most other indicators, had decisively broken its prior low of last September and had reached a new nadir for the 11-month old downswing from the highs of April, 1981.

All of this is not simply the technicians' oblique way of pointing out that the market has rallied over the past three weeks. Indeed it has, and at Thursday's close, the Dow found itself up just over 4% from its March 8 low. Establishing that March 8 low as a benchmark, however, requires recognition of the fact that in many ways, market action since that date has been demonstrably better than the rather dreary sort of behavior which characterized most of last year.

Using a 2% filter, the action of the past three weeks constitutes only the ninth identifiable rally since the beginning of the downswing, back on April 27, 1981. In terms of percentage advance, it has, so far, demonstrated nothing better than normal action. The swings for the eight completed rallies to date have averaged 4.2%, and the strongest was the 6.5% rally from the September 25 low.

In terms of staying power, however, the present advance is fairly impressive. Through Thursday's close, it has lasted for 13 trading days. The first bear-market rally back in May-June 1981 persisted for 24 days, but since that time the market has been able to put on nothing better than an 11-day advance. It is, in sum, possible to detect substantive improvement in recent action.

There are, indeed, other areas beyond simple measurement of rallies in which improving market action can be detected. Many individual issues have reached at least initial downside objectives and, in many cases, appear to be making attempts at base formations in recent trading. This sort of thing is reflected in the new-low statistics which, at least for the last downside phase, are a matter of record. Despite the fact that almost all major market indices moved into new low territory early this month, the peak number of individual stock lows achieved on March 9 was 263, considerably under the peak levels of almost 600 chalked up back in September. We do not think it a misreading of the facts to call this a sign of technical improvement, at least in large sectors of the market.

A number of signs of improving technical action are, of course, conspicuous by their failure to materialize. Breadth (the best advancing day so far featured 1210 advances on March 22) has been consistently less than impressive. Nor, despite the fact trading activity has picked up on the upside, is it possible to read too much comfort into volume statistics. Volume reversal action, as we have pointed out, generally consists of a series of sharp one-day trading expansions to well above normal levels. What has instead been taking place is a steady expansion in the average level of volume which, on a 25-day basis, has now reached over 57 million shares, by far its highest level on record. This high average level of volume will make it even harder for a conventional upside volume reversal to be recognized.

Where does all this leave us? In many ways the average investor can best obtain the answer by a process of self-examination --- in other words by asking himself how the current improving market action makes him feel. The most bullish conventional wisdom at the moment would be the widespread certainty that the present rally constitutes a selling opportunity and it is only a matter of time before the market moves once again to new lows. On the other hand, to the extent that the current advance causes investors to feel that they have "missed" a major bottom, it becomes more and more likely that such a bottom has not yet occured.

We are willing, for the time being, to remain neutral on the subject, which is why we went no further in our opening paragraph than identifying March 8, 1982 as a benchmark to watch. While recognizing improvement --- and indeed, as we have tried to point out, improvement of some significance in the past three weeks of trading --- we think it grossly optimistic to suggest that improvement is dramatic enough to indicate the end of a confirmed 11-month downtrend. Moreover, while recognizing the possibility of further strength, we suspect that the least likely eventuality at the present time is for the market to "run away" on the upside. What we are saying, in other words, is that the technical picture has not been drastically altered by just three weeks of mildly ameliorated action.

Insofar as the pattern for the averages is concerned, the Dow has now moved up to the trading range, roughly between 820 and 840, which characterized most of February. The most constructive possible action, we think, would be a relatively protracted (2-3 week) period of backing and filling within that range. Were this to be followed by a decisive move through 840, upside possibilities would then have to be reassessed. For the time being, we are willing to await the formation of this sort of pattern.

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AWT:rs

Dow-Jones Industrials (12:00 p.m.)	822.01
S & P Composite (12:00 p.m.)	112.40
Cumulative Index (March 25, 1982)	1078.12