

# TABELL'S MARKET LETTER

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The headline for the stock market summary in this morning's Wall Street Journal read, "~~Broad Decline Carries Industrials Below the 800 Level in Active Trading~~". ~~If the criterion for newsworthiness is that an event be unusual, Thursday's activity hardly deserved the headline.~~ The Dow-Jones Industrial Average indeed moved below the 800 level, having been trading for the past four weeks moderately above it. This event marked the 62nd time in history that the Dow has crossed through 800 in one or the other direction.

The string of successive 800-crossings goes back more than 22 years. On February 28, 1964, the average first closed above 800, never having previously traded there. This marked the first of the series of moves back and forth through that level, leading to crossing number 62 on Thursday.

If one eliminates those crossings which occurred within a month of each other, it is possible to reduce the actual 62 occasions to 21 cases where the Dow passed through 800 and then remained substantially above or below that figure. For the record, these 21 cases are set out in the table below. The table lists the date of each crossing, its direction, the subsequent high or subsequent low in each case and the number of trading days until the next crossing which remained valid for longer than a month.

Date	Direction of Crossing	Subsequent High	Subsequent Low	Trading Days Until Next Crossing
February 28, 1964	up	995.15	-	626
August 22, 1966	down	-	744.32	93
January 5, 1967	up	985.21	-	730
January 9, 1970	down	-	631.16	228
December 2, 1970	up	950.82	-	247
November 23, 1971	down	-	797.97	2
November 26, 1971	up	1051.70	-	510
December 5, 1973	down	-	788.31	1
December 6, 1973	up	891.66	-	119
May 29, 1974	down	-	577.60	311
August 20, 1975	up	1014.79	-	601
January 6, 1978	down	-	742.12	69
April 17, 1978	up	907.54	-	138
October 31, 1978	down	-	785.26	37
December 22, 1978	up	897.61	-	221
November 7, 1979	down	-	796.67	2
November 9, 1979	up	903.84	-	87
March 17, 1980	down	-	759.13	28
April 25, 1980	up	1024.05	-	470
March 8, 1982	down	-	745.47	8
March 18, 1982	up	869.20	-	57

The table is not without interest. On only two of ten occasions when the average moved below the 800 level, was the subsequent downward move of significant dimensions, these two occasions, of course, being the bear markets of 1970 and 1973-4. On the other hand, when it passed through on the upside, the resulting move was generally fairly substantial. The average subsequent low, following a downside move through 800, has been 741.80. The average high following an upside crossing has been 953.78. Downside moves also were of generally shorter duration. The mean length of time which the average has remained below 800 after a downside crossing is 78 trading days. On the other hand, it has remained above 800 after upside transitions for an average of 346 days.

It is also interesting to tabulate where the market wound up subsequently after it moved through 800 on the downside in the past. We have examined the record for approximately three months, six months, one year and two-year periods and it is rather interesting. Following past downside breaks, the Dow wound up above 800 after three months seven times out of ten; six months later it was above 800 seven times of nine, eight times of nine a year later, and in all cases it was above 800 two years later. The average price was 827 three months following a downside break, 818 six months later, 860 a year later and 888 two years later.

Now none of this does anything more than suggest the obvious fact that 800 represents a level near the bottom of a trading range which has contained the Dow for some time. Nonetheless, it does tend to put the recent downward move in perspective, and suggests that it is hardly a unique historical event.

AWT:rs

Dow-Jones Industrials (12:00 p.m.) 796.99  
S & P Composite (12:00 p.m.) 105.12  
Cumulative Index (8/5/82) 1065.43

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