TABELL'S MARKET LETTER

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We are, to be honest, unable to think of a great many advantages to getting old. One of the few such, for the stock market observer at least, is a longer experience with different sorts of market environments. Having celebrated, this week, the 29th anniversary of our entrance into the securities business, we have found ourselves perhaps a bit less astounded by the market's behavior since last August than some of our younger colleagues. When we started our Wall Street career, in the dark ages of 1954, the industry was populated with hoary veterans of 1929, who regularly assured us that "The trouble with you kids is that you've never seen a bear market." We find ourselves, today, being able to chide anyone with less than 17 years experience for their lack of understanding of the past seven months on the grounds that they have never seen a bull market.

We cite our approach to galloping senility, not simply to appear avuncular, but because we think, at this stage, the point is relevant. We have, in recent issues of this letter, documented the thesis that the market's recent extraordinary strength suggests that we are entering a new super-cycle environment very different from that which prevailed between 1966 and the summer of 1982. We have, we trust, made it clear that there exists precious little evidence at the moment to suggest exactly what the shape of that environment will be. Nevertheless, the last extant example of a different sort of market environment is the one which prevailed, approximately, between 1949 and 1966. Since we were, ourselves, actively staining our hands with stock-chart ink during a goodly portion of that period, it may be helpful to try to convey some sort of flavor of just what the good old days were actually like.

The watershed date, which may, historically, wind up being compared with August 12, 1982, was June 13, 1949. On that day the Dow-Jones Industrial Average closed at 161.60. It then commenced an advance which lasted exactly one year through June 12, 1950. It reached 228.38 for a 41% increase, which compares not unfavorably with the present 56% rise since last August. To those who think that bull markets "need" corrections, the period is instructive. In that entire one-year period there were five identifiable corrections. The largest one was 2.86%, and the longest one lasted for nine days. The longest period of the entire year during which the market failed to post a new high was five weeks in February-March, 1950.

This happy state of affairs might have gone on longer were it not for an unusual event --- the outbreak of the Korean War. This caused a correction of all of 13% over a relatively short 22-day period. However, four months later the Dow was again at a new high and continued to move on to new peaks regularly for another 15 months, albeit this time interspersed with more frequent and deeper corrections --- eight such instances up to January, 1953, the deepest one being 7.81%.

There then ensued what has come to be called a bear market, largely only because purists like ourselves insist on dividing the market up into four-year cycles. It lasted nine whole months and brought the Dow down 13% once more. After this interruption, the advance resumed, and a year later, in January, 1954, we were again at new highs. The process of achieving new highs continued another 3¼ years, with seven identifiable short-term corrections in the process, two of which were marginally over 10%. After another 14 months of back-and-forth swings in a trading range, the first bear market approaching 20% in magnitude occurred from July to October of 1957.

We are talking here, remember, about a period of just over eight years --- eight years before the Dow ever posted a decline of greater than 13%. It did so only twice, and only two periods of as much as a year went by without the Average posting a new high. The total advance was 222%, the equivalent of a move of the Dow to 2500 from the August, 1982 low. It was followed, moreover, by two further major-cycle bull markets, which space does not permit recounting here, but which continued for another nine years.

Some individual stock advances during the eight-year, 1949-1956 period were truly spectacular. International Paper moved from 3 3/4 to 40. Aluminum was then considered a growth industry, and Reynolds Metals moved from 1 3/4 to 55, a 3000% rise.

Now even in the light of this sort of record, the market's behavior since August is pretty exceptional, and we wish to take nothing away from it. However, to those of us who are aware from experience what bull markets can really be like, it is slightly less surprising. The major lesson, moreover, afforded by those early years is that exceptional strength, once begun, tends to persist. It is a lesson worth keeping in mind as the market continues to post new highs.

AWT:rs

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Dow-Jones Industrials (12:00 p.m.)	1215.17
S & P Composite (12:00 p.m.)	162.99
Cumulative Index (4/28/83)	1850.56