

TABELL'S MARKET LETTER

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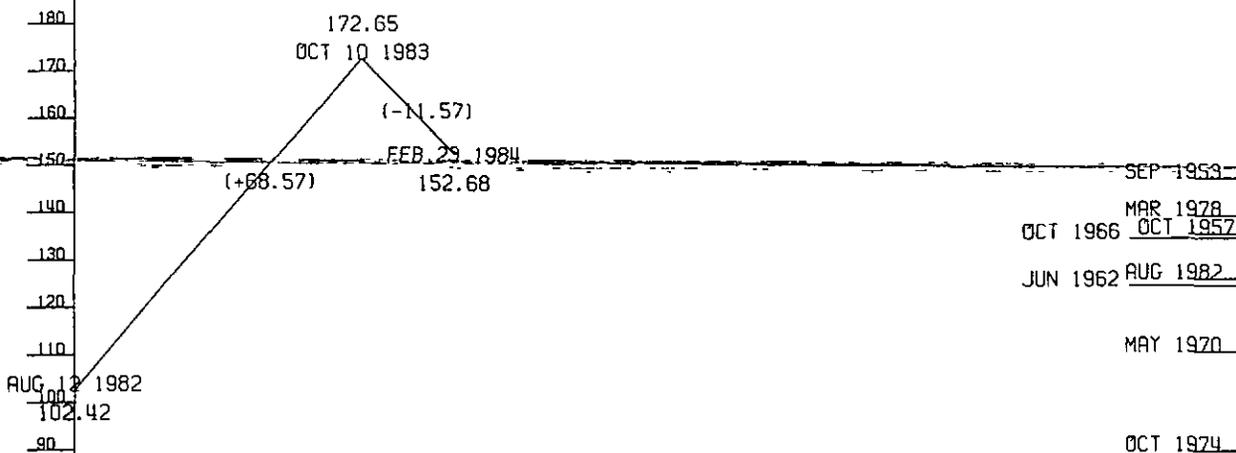
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In this space last week, we examined the record of eight major stock-market cycles from June, 1949 to date and attempted to justify the contention that a new cycle did, in fact, begin on August 12, 1982. — ~~The purpose of this week's letter will be to examine our interpretation of these past eight cycles~~ in greater detail relative to the new emerging cycle which we feel began 'a year' and one-half ago. The chart below shows the recent cycle with the major component swings in the S & P 500 from August 12, 1982 to date. Using a 10% filter, the high and low points are drawn to a uniform horizontal scale. The other data on the chart attempts to place in perspective the present cycle compared to the previous eight cycles discussed. The horizontal lines drawn through the upper part of the chart shows the length in trading days in each of the previous eight cycles.

CYCLE PERIOD	LOW-HIGH % ADVANCE	PEAK CYCLE DATE
JUN 1949-SEP 1953		(+96.75) , JAN 1953
SEP 1953-OCT 1957	(+119.02) ,	AUG 1956
OCT 1957-JUN 1962		(+86.35) , DEC 1961
JUN 1962-OCT 1966		(+79.78) , FEB 1966
OCT 1966-MAY 1970	(+48.05) ,	NOV 1968
MAY 1970-OCT 1974		(+73.53) , JAN 1973
OCT 1974-MAR 1978	(+73.14) ,	SEP 1976
MAR 1978-AUG 1982		(+61.70) , NOV 1980



A comparison of the length of these lines to the current cycle obviously shows that each cycle has lasted a considerably longer period of time. Even were the present cycle to duplicate the short lengths of the 1966-70 or 1974-78 periods, there could still be well over two years remaining in the new cycle.

Cycles are measured from low point to low point and a key question is whether the high of October 10, 1983 constituted the peak for the current cycle. The relative times of the previous cycle peaks, again drawn to scale on the chart, are indicated by date and shown by the vertical tick marks on each of the cycle lengths. Once more, it becomes apparent from the evidence presented in terms of relative length of time from cycle low to cycle peak that a possible further high could still be achieved.

However, also shown on each cycle length is the percentage increase from cycle low to cycle peak. The recent percentage increase of the S & P 500 from a cycle low to cycle peak is 68.57%. This increase, although low in terms of the average advance of approximately 80% for the eight cycles has, in fact, exceeded two previous periods- 1966-70 and 1978-82.

The market is at a critical stage and there are important questions to be resolved. Because of the short length of time from August, 1982 to date, cycle analysis at this time would describe the current decline in the market as an intermediate-term correction in an ongoing bull market. Can we pinpoint the level of the next low as a normal downward phase of a typical four-year stock-market cycle? To date, the decline (11.57%) has not approached relative levels of previous lows based on percentage declines from their previous respective highs. These comparable figures are indicated on the lower right-hand side of the above chart.

We know the market is oversold on a short-term basis and conceivably could be near or at an effective low. Can a subsequent rally carry on to new peaks and thus represent a continuation of the cycle? The next few weeks should give us a clue to the above questions.

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Dow-Jones Industrials (12:00 p.m.) 1144.05
S & P Composite (12:00 p.m.) 155.19
Cumulative Index (2/23/84) 1896.26

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