# TABELL'S MARKET LETTER

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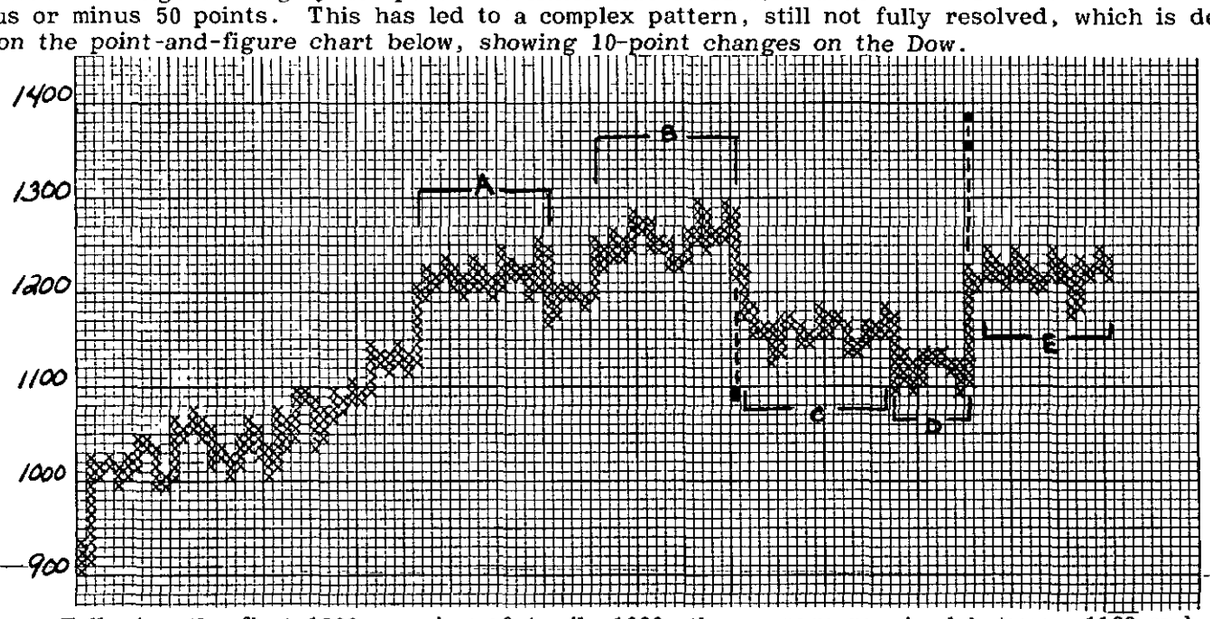
With the market sinking toward the 1200 level again this week, it is interesting to recall that the Dow first crossed that figure in April, 1983, 19 months ago. All of the trading since that time has been within a range of roughly 100 points on either side of 1200, and the bulk of it has been in a range of plus or minus 50 points. This has led to a complex pattern, still not fully resolved, which is delineated on the point-and-figure chart below, showing 10-point changes on the Dow.




Following the first 1200 crossing of April, 1983, the average remained between 1190 and 1250 until mid-July (A), breaking down to reach the 1160 level in August. This downside breakout, as has been the case in a fair number of recent instances, proved to be false. The Dow moved up again in the late summer and fall of 1983, in the process attaining its closing high to date of 1287.20 on November 29.

In the process of attaining that high, a new trading range, this one between 1220 and 1290 (B), was traced out. The 1290 high was tested for the second time in January of this year, following which the Dow promptly broke below 1220 in February. Unlike the previous breakout, this one was real. A low of 1120 was attained in February with little in the way of upside interruption.

The top at (B) had an indicated downside objective of 1095, and, for a while, it looked as if it might not be attained. The average was able to hold above the 1120 low through July, but broke at that point and reached the 1090 level no fewer than three times. It was, however, able to make little in the way of upside progress, repeatedly being turned back at 1130 by the overhead supply created by most of the first half-year's trading (D).

With the most plausible objective of the 1983 top having been reached, the configuration at (C-D) began to resemble a so-called "fulcrum" base, as noted at the time. This was confirmed by the straight-line rise to the 1220 level last August. The upside objective of this base was and remains in the 1350-1380 range.

Subsequent to the August rally the Dow has once more been able to make little progress, having been turned back at 1240 four times since then, the most recent case being just last week. It seems obvious that the indicator now finds itself wedged, at (E), between the heavy overhead supply at (B) and the support from the original base at (C), support which turned back the short-lived downthrust of early October.

As we noted above, the pattern remains unresolved. The downside objective of the 1290-1220 top has been reached and, if this is the correct downside reading, one would suspect that the 1350-1380 upside target mentioned above is correct. If, on the other hand all trading at (A-B) is to be regarded as a top, the overhead supply should prevail, and a move back to or through the lows of early 1984 would not be out of the question. As we have noted, we think the market's improving internal condition and the number of bullish individual stock patterns suggest an upside resolution. This, however, will not be confirmed until, first 1240, and then 1290, are penetrated.

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| Dow-Jones Industrials (12:00 p.m.) | 1204.06 |
| S & P Composite (12:00 p.m.) | 165.96 |
| Cumulative Index (11/15/84) | 2075.76 |