TABELL'S MARKET LETTER

Delafield, Harvey, Tabell Inc.

600 ALEXANDER ROAD, PRINCETON, NEW JERSEY 08540

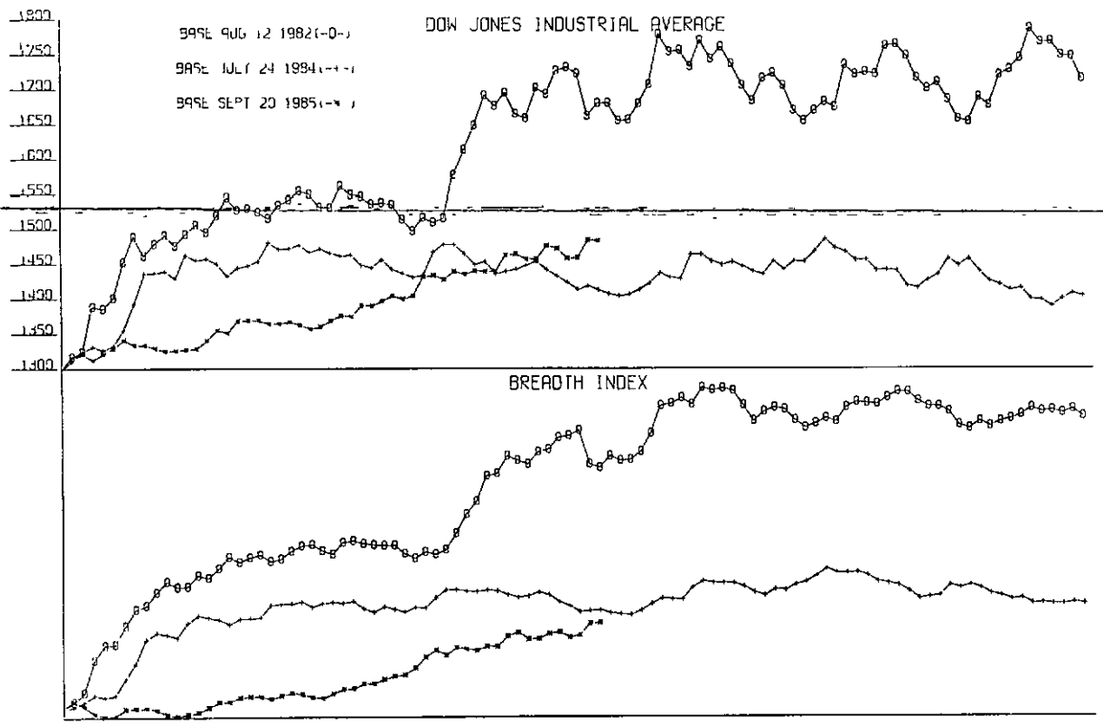
MEMBER NEW YORK STOCK EXCHANGE, INC
MEMBER NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC
(609) 987-2300

December 6, 1985

Last week's stock market was yet another calculated to set commentators searching for superlatives, what with a 25-point Wednesday advance and a brief flirtation with 1500 before a pullback on Thursday. From a technical point of view, there were more important occurrences than another attempt by the Dow at a round number. Most significant was the attainment of a new high by daily breadth. (Weekly breadth had already reached new peaks last Friday.) For Dow-theory buffs, there was also the achievement of a new peak by the Transportation average.

Breadth analysis, of course, is a matter of interpretation, and there are possible adjustments to normal breadth statistics which, perhaps, should be made in the current environment. Nonetheless, it cannot be gainsaid that conventional breadth interpretation now suggests an intact bull market with a rather lengthly life span ahead of it.

The latest rally, which began on September 20 at 1297.94 and which has advanced 14.37% over 52 trading days, has two predecessors in the current bull market --- the initial explosion starting on August 12, 1982 and the start of the bull market's second phase which began in July, 1984. One unique element of this upswing is that, unlike its two predecessors, it did not begin after a lengthy decline. The present advance has essentially constituted an acceleration of an ongoing uptrend. 1985 is only the fourth year in the past 60 that has managed, so far at least, to finish without a correction of as much as 5% in the Dow. (The other three were 1954, 1958, and 1964.) The present market is compared with the other two on the chart below which measures the action of the Dow plus daily breadth for the first 100 days of the three markets in question. The two earlier upswings have had their base adjusted to the equivalent of 1297.94, the starting point for the most recent rise.



What is most notable is the extent to which the 1982 takeoff rally dwarfs the other two. Its initial advance, to a point relatively higher than today's Dow, was completed in just three weeks. The present rise is 11 weeks old. By November 3, 1982, there had occurred a 37% advance, which would be equivalent today to a rise to 1780. The breadth index shows that the number of stocks advancing on the 1982 rally far eclipsed that of the two later rises.

The 1984 move, although not as strong as the 1982 case, also far eclipsed the current one in its initial stages. The present rise, however, has "caught up" and has currently reached a point higher than any attained in the first 100 days of the 1984 advance. In terms of breadth, the current rally lagged in the first couple of weeks, continuing the dismal breadth performance of latesummer. Since early October, however, breadth has maintained a steady advance and has moved ahead to a point almost comparable with the 1984 experience.

The current rise, therefore, perhaps not surprisingly, shapes up as being somewhat less dynamic to date than were the first two legs of the upswing. There seems to be little doubt, however, that its momentum will be sustainable for some time to come.

ANTHONY W. TABELL
DELAFIELD, HARVEY, TABELL INC.

Dow-Jones Industrials (12:00 p.m.)	1477.75
S & P Composite (12:00 p.m.)	202.67
Cumulative Index (12/5/85)	2625.14