

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

TABELL'S MARKET LETTER

October 31, 1986

The week's market strength has brought the Dow to the vicinity of the 1880 initial upside objective suggested in this letter. The next step could be a full-scale test of the all-time highs, the success of which we would be inclined to doubt. All this, however, is seasonally fortuitous, since, as we discovered by accident some five years ago, the month of November, for some unfathomable reason, appears to have predictive value.

Action for the month of November itself has been almost precisely normal. In the 89 years since 1897, the Dow has been up 54 times in November and down 35, showing a rise some 61% of the time. This is close to the 57% rising average shown by all one-month periods since the Dow was first constructed. What is interesting, however, is what has happened following the 54 past instances of an upward November. The following table summarizes some pertinent figures.

Period Length In Months	ALL PERIODS			FOLLOWING UP NOVEMBER			Avg %	Avg %
	Periods Up	Periods Down	% Up	Periods Up	Periods Down	% Up	Ch All Periods	Chg Folwing Up Novembr
1	610	466	56.7	37	17	69	0.53	0.90
2	613	462	57.0	33	21	61	1.10	2.22
3	627	447	58.4	34	20	63	1.67	2.04
4	636	437	59.3	36	18	67	2.23	3.75
5	658	414	61.4	38	16	70	2.81	5.02
6	647	424	60.4	35	19	65	3.41	4.47
7	655	415	61.2	34	20	63	3.99	4.84
8	654	415	61.2	39	15	72	4.56	6.70
9	642	426	60.1	38	16	70	5.16	8.72
10	648	419	60.7	38	16	70	5.77	7.69
11	646	420	60.6	34	19	64	6.38	7.18
12	656	409	61.6	34	19	64	6.97	8.65

The table shows the history of all market periods of one to twelve months in length since 1897 and compares it with the 54 periods of like length following an upward November. Taking the first line as an example, of the 1076 one-month periods since 1897, the Dow was up in 610 cases and down in 466, thus showing a rise of 56.7% of the time. In the 54 Decembers following an upward November, however, the average found itself up 37 times and down only 17, thus rising 69% of the time. The average percentage change for all 1076 one-month periods was just over one half of 1%. For the 54 periods following an up November, the average advance approached 1%. The table may be read in the same way for all periods of lengths from two up to twelve months.

A glance through the table will show that the predictive value of November appears to be quite uncanny. For all twelve period-lengths, the market produced a greater percentage of rising periods following an upward November than was the case overall. For example, it rose 70% or more of the time over periods of five, eight, nine or ten months compared with an expectation of around 60%. Likewise, the average percentage change following an up November comfortably exceeded the average percentage change for all periods of similar length no matter what the length of the period in question. The average December-January change following an upward November, for example, was 2.22% versus an expected average of 1.10%.

Now none of the above says the market cannot go down after an upward November, and it has, indeed, done so on numerous occasions. Certainly, there are large numbers of other factors detailed at length in recent letters which go into the formation of our present market opinion. Nonetheless, the November record is significant enough to be of interest.

ANTHONY W. TABELL
DELAFIELD, HARVEY, TABELL INC.

AWT:lt
Dow-Jones Industrials (12:00 p.m.) 1871.77
S & P 500 (12:00 p.m.) 244.39
Cumulative Index (10/30/86) 3158.25