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

April 3, 1987

Market action over the past week and a half has produced the first noticeable interruption in the sharp advance which characterized just about the entire first quarter of 1987. The hiatus included a mild display of fireworks as the Dow plunged 94 points in two days, on March 27 and March 30. The second day's 57-point drop was, predictably, described in a few areas as the third worst decline in history, which, of course, was true only in terms of points. In percentage terms, we are compelled to note, it is surpassed by 306 larger declines from 1926 to date and by 35 since 1949. This hardly characterizes it as a unique event.

In fact, the most important point to note regarding the "surprising" 1987 first quarter is that it is not surprising at all. We have repeatedly offerred the hypothesis that trading over the first three months of 1987 is part of the first phase of an important upswing. Market action so far has been totally consistent with that hypothesis.

The table below attempts to document this finding. It provides some statistics on twelve rallies since June of 1949, the first eleven of which we know, by hindsight, to have been the start of important advances. The first four columns show the starting and ending dates of these advances together with the level of the DJIA on those dates. The fifth column measures the length of the rally in trading days, and the next shows the rally's percentage advance. The last two columns show the largest percentage decline that interrupted the rally of which it was a part, and the longest such decline measured in trading days. In some cases the declines shown in the two columns are different.

Start Date	DJIA	End Date	DJIA	No. of Days	% Advance	Largest % Decline	Longest Decline-Days
6/30/49	167.42	6/12/50	228.38	269	36.41	2.86	9
9/14/53	255.49	8/20/54	350.38	234	37.14	2.86	7
2/25/58	436.89	11/17/58	567.44	184	29.88	3.01	9
10/25/60	566.05	9/7/61	726.53	217	28.35	3.45	16
10/23/62	558.06	2/18/63	688.96	80	23.46	2.12	9
10/7/66	744.32	5/8/67	909.63	145	22.21	4.29	30
7/7/70	669.36	4/28/71	950.82	205	42.05	4.25	13
12/6/74	577.60	2/21/75	749.77	52	29.81	2.45	4
2/28/78	742.12	6/6/78	866.51	68	16.76	2.76	6
8/12/82	776.92	11/3/82	1065.49	58	37.14	4.12	7
7/24/84	1086.57	8/21/84	1239.73	20	14.10	2.08	4
12/31/86	1895.95	3/26/87	2372.59	65	25.14	3.97	2

One fact suggested by the table is that every important upswing in the post-World War II period has featured a fairly dynamic take-off rally. This fact is not often obvious, since, in some cases, that initial advance has started from the market's low point, and, in others, has been only after protracted and often repeated tests of of the actual low. However, somewhere in the early stages of each advance such a rally has inevitably occurred. The current advance, through last Thursday, has produced a 25.14% rise in the Dow and has consumed, to date, 65 trading days. The largest correction in the course of that advance has been the two-day, 3.97% drop referred to above.

The table suggests that the current 25% rise constitutes normal action if it is assumed to be the initial stage of a large upthrust. Indeed it has been surpassed by seven of the cases in question. The 3.97% correction over two days is likewise similar to past interruptions.

The length of the rally, 65 days so far, is the only statistic that possibly suggests a note of caution. Since 1974, take-off rallies have tended to complete in just about that time. For whatever reason, prior to 1974 their duration was considerably longer.

In any case, the aftermath of previous such rallies has simply consisted of a consolidation phase followed by a resumption of the rise at a somewhat slower rate. Present evidence, therefore, would appear to call for nothing worse than such a consolidation.

ANTHONY W. TABELL
DELAFIELD, HARVEY, TABELL INC.

AWT:bh

Dow Jones Industrials (12:00 p.m.)	2341.33
S & P 500 (12:00 p.m.)	294.15
Cumulative Index (4/2/87)	3762.96