

# TABELL'S MARKET LETTER

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As the market has sailed merrily ahead over the past 22 months, a number of observers---including, admittedly, ourselves---have expressed reservations regarding the paucity of daily new highs. Just recently, on August 1, almost two years into the advance, NYSE stocks managed to achieve a bull-market record by posting 306 52-week, daily new highs. In comparison, we may recall that, in October, 1982, two months into the advance which began in August of that year, 653 daily new highs were posted, and, during the next five years, numbers in the 400 to 600 range were not at all uncommon.

The table below attempts to provide some perspective by showing some relevant figures for new highs for the past eight bull markets including the current one to date. For each of the markets studied, the starting low, the eventual high, the percentage advance, and the length in trading days is shown. A number of additional figures are then calculated for the first, second, and third 200-day periods of each bull market. These include the highest daily figure during the 200-day period for new highs and the highest figure for those highs expressed as a percentage of issues traded (smoothed by a 10-day moving average). Also shown are the high for the Dow reached during the 200-day period, and the percentage of the ultimate advance completed at that high.

	6/26/62	10/ 7/66	5/26/70	12/ 6/74	2/28/78	8/12/82	7/24/87	10/19/87
	2/ 9/66	12/ 3/68	1/11/73	9/21/76	4/27/81	11/29/83	8/25/87	8/10/89
Low	535.76	744.32	631.16	577.60	742.12	776.92	1086.57	1738.74
High	995.15	985.21	1051.70	1014.79	1024.05	1287.20	2722.42	2712.63
% Adv	86	32	67	76	38	66	151	56
Number of Days	913	518	665	452	798	329	780	458
Day 1-200								
Peak New Highs	184	229	298	393	284	653	312	52
Peak New High %	10.07	12.72	11.65	11.12	9.26	18.28	10.3	1.81
DJIA High	706.03	909.63	899.10	881.81	907.74	1232.59	1299.36	2158.61
% Advance Comp.	37	69	64	70	59	89	13	43
Day 201-400								
Peak New Highs	121	251	237	451	174	-	498	229
Peak New High %	6.22	11.19	10.71	14.11	6.75	-	16.08	6.05
DJIA High	787.78	943.08	950.82	1011.02	893.94	-	1697.71	2463.89
% Advance Comp.	55	83	76	99	54	-	37	74
Day 401-600								
Peak New Highs	160	-	269	-	224	-	332	-
Peak New High %	10.34	-	8.99	-	9.58	-	11.77	-
DJIA High	891.71	-	973.51	-	915.10	-	1955.57	-
% Advance Comp.	77	-	81	-	61	-	52	-
To End								
Peak New Highs	157	272	103	195	278	306	258	306
Peak New High %	10.10	13.48	4.61	5.43	10.29	9.80	7.75	10.56

A few observations may be adduced. The first is that the 1982-1987 period appears to be exceptional as opposed to the two decades preceding it. During the five bull markets of those decades, the peak figures for new highs as a percent of issues traded---the fairest way of comparing the statistics over time---tended mostly to be in the 9%-12% range. By those standards, the 10.56% level, which represents the high for this market so far, does not appear all that anemic.

Markets that score most of their advance in their early phases also tend to produce concentrated peaks in new highs. In the present case, the rise has been fairly gradual. This was also the case in 1962-1966, where only 37% of the eventual advance was completed in the first 200 trading days and just over half of the rise occurred in the first 400. Interestingly, never during the course of that advance were over 200 daily new highs achieved.

Finally, it must be noted that the shape of the previous bear market has a great deal to do with the new high-figures for the subsequent upswing. As we all know, the two-month bear market of August-October, 1987 was unique in its shortness, and this made it difficult for the present advance to post large numbers of new peaks in the early stages, since the August, 1987 highs were still being used as a standard for comparison. Most of the other advances followed bear markets that lasted around a year and a half, and levels achieved at the top of the previous upswing were not taken into account when computing new highs.

In addition, it must be noted that only since 1984 have new-high figures been computed on a 52-week basis. Prior to that time they included periods ranging from three to fifteen months. Although the effect of this varies, in many cases it has caused reported new high figures in the early stages of past bull markets to be higher than they probably would have been had they been calculated on today's basis.

In the light of all this, current figures for new, 52-week highs, while not stellar, are probably not as bad as they have often been made out to be.

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Dow Jones Industrials (12:00) 2684.18  
S & P 500 (12:00) 344.50  
Cumulative Index (8/18/89) 4860.10

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