TABELL'S MARKET LETTER

Delafield, Harvey, Tabell Inc.

600 ALEXANDER ROAD, CN 5209, PRINCETON, NEW JERSEY 08543-5209

MEMBER NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC
(609) 987-2300

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The essential stock market conundrum remains the same one that has existed for more than a month now---whether or not we have seen the lows of the bear market which began on July 17 at Dow 3000 and, so far at least, has scored its low at 2365.10 on October 11. We have two basic figures which enable us to compare the hiatus of the current downswing to previous interruptions of major declines. First, the Dow, through Wednesday's high, had advanced 8.2% from its October low over 24 trading days and, correspondingly, there have been, through yesterday, 25 days since the averages last posted a new low.

Bear Market Start	% Decline	No.of Days	Largest %Rally	No.of Days	No. of Rallys > 8%	Longest Interval Bet.Lows	No.of 20-Day Intervals
Sep 3 1929	47.9	56	18.9	2	2	11	0
Apr 17 1930	86.0	665	35.1	28	15	103	8
Mar 10 1937	49.1	317	14.8	51	5	98	1
Nov 12 1938	41.3	1040	23.5	127	5	450	6
May 29 1946	23.2	93	4.2	4	2	24	2
Jun 15 1948	16.3	281	8.1	22	1	77	4
Jan 5 1953	13.0	176	5.3	42	0	53	3
Apr 6 1956	19.5	389	14.5	104	2	163	4
Dec 13 1961	27.1	134	15.0	41	0	51	1
Feb 9 1966	25.2	167	6.2	13	0	46	3
Dec 3 1968	35.9	367	7.7	54	0	87	5
Jan 11 1973	45.0	481	15.9	46	4	146	5
Sep 21 1976	26.9	362	8.7	35	1	96	4
Apr 27 1981	24.1	328	9.3	43	2	101	4
Nov 29 1983	15.6	164	5.0	18	0	30	4
Aug 25 1987	36.1	38	5.9	9	0	13	0
Jul 17 1990	21.2	61	8.2	24	1	25	2

The above table provides some statistics for 17 bear markets, beginning back in 1929 and including the current one to date. It shows, for each downswing, the start day, the extent of the decline, and the number of trading days it lasted. There have, as the table shows, been declines considerably less extensive than the current one, but, it is important to note, not many have been shorter. This is part of the reason we have felt that the downswing has longer to run.

The Dow's ability to pose a 8.2% rise is, we must admit however, impressive. We have often remarked that the oft-cited bear-market rally is, largely, a mythical beast, and the table shows that a large number of the declines, since World War II at least, have never posted bear-market rallies as great or as long as this one. Furthermore, in many cases, rallies of this extent have often occured not during the course of the bear market, but in the process of base formation which followed. These figures tend to buttress the contention that the Dow could well have hit its low back in October.

The lack of a new low for 25 days is less decisively bullish. The table demonstrates that many bear markets have had much longer interruptions, including five of longer than 100 trading days in length. Most past bear markets have had multiple interruptions of 20 days or longer, thus suggesting that the present decline has a bit more downside probing to do.

In addition, as we noted last week, the rally has failed to demonstrate the breadth and volume characteristics normally shown at major reversals. This action continued in this week's trading. Wednesday's rise to the rally high of 2559 produced only modestly above-average volume and fewer than 1000 advancing stocks.

The rally of October-November is, then, a fairly impressive phenomenon, but, in the absence of confirming statistics, we continue to feel that caution should be the order of the day.

ANTHONY W. TABELL
DELAFIELD, HARVEY, TABELL INC.

Dow Jones Industrials (12:00) 2535.39
S & P 500 (12:00) 317.17
Cumulative Index (11/15/90) 4356.75

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