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By Vartanig G. Vartan
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T HE stock market's best single -- -day rally since

July 20 erupted on Friday. It sent the Dow

Jones industrial average ahead 30.47 points, thanks to gains of 2 points or more in such components as Alcoa, General Motors, Minnesota Mining and International Business Machines.

The indicator finished at 1,165.10, up 16.23 points for the week. It meant a respite from the relentless selling that, until Friday, had sent the Dow tumbling 152 points, or 11.8 percent, since Jan. 6.

From strategists at some Wall Street houses, the immediate response was one of rekindled hope for a bull market that lately had ventured far astray. ''There's a fair chance we've finally seen the long- awaited correction,'' said Raymond F. DeVoe of Legg Mason Wood Walker Inc. ''I think the Dow could go to 1,425 by June 30.''

But Stan Weinstein, publisher of the Professional Tape Reader, took sharp exception to such optimism. ''What you saw today was a gift, an oversold rally that was long overdue,'' he said Friday night in a telephone interview from Hollywood, Fla. ''Much of the buying came from short-covering, along with some institutions trying to catch the market bottom''.

He added: ''I look at stock charts as a strict technician, and this is not a buying opportunity. The only charts that really look good are precious metals and domestic oils.''

So what does he see immediately ahead?

''Over the next week or so the Dow could rally to somewhere close to 1,200, but I have great doubts that we've seen the lows. Margin buying as a prop for the market is being removed, short-covering is being used up and foreigners are no longer buying stocks.''

As a ''working scenario,'' Mr. Weinstein said that, perhaps by May or June, the Dow could test its major support zone at around 1,050. This level holds special significance in his view. First, it formed a base in the final quarter of 1982 for a renewed advance in stock prices. Second, it represents the indicator's former high reached in January 1973 and not surpassed until late 1982.

''Before the market really forms a bottom,'' he concluded, ''I want to see a pickup in the number of stocks making new highs, more charts clearly reversing their downtrends, more short selling by the public and more cash in the hands of institutions.''

Elsewhere, some analysts also believe that any convincing rally in stocks must be accompanied by higher prices for bonds, which now offer high- yielding and compelling alternatives to equities. Last Thursday bond prices sank to their lowest levels in six months as the current return on long- term Treasury issues rose above 12 percent.

Meanwhile, the developing battle for control of Gulf Oil saw its stock sell last week at a record price of 64 1/8 before finishing at 62 5/8, up 8 5/8 points. It led the New York Stock Exchange's most-active list on a turnover of 9.7 million shares.

Profit Estimates Pared

A slow but steady rise in interest rates, coupled with the expectation that rates might move even higher from present levels, has contributed largely to the decline in stock prices.

Another factor has been a trimming by securities analysts of their 1984 earnings estimates for many corporations. Generally higher profits are still being forecast, but increases are not as hefty as envisaged some months ago.

Lee H. Idleman, research director for Dean Witter Reynolds, said that so far this year analysts at his firm had reduced earnings projections for 121 companies while raising estimates for only 72. He attributed this trend to the inability of many corporations to raise prices, as well as to higher tax rates and depreciation charges in effect. Another factor, he said, has been the strength of the dollar, which adversely affects the profits of American- based multinational companies.

Loews and Its Stock Split

There's a certain cachet to being the highest- priced issue on the New York Stock Exchange. Currently that distinction belongs to the Loews Corporation, a conglomerate with operations ranging from cigarettes and insurance to consumer finance and theaters. Last week Loews announced a 2 1/2-for-1 stock split, payable to holders of record March 16.

In the market, shares of Loews have fared handsomely, climbing in January to a record high of 200 1/2 - up from 152 since mid-August as a reflection of rising profits. Last week the stock ended at 194, up 2 1/2 points.

Stock splits generally are seen as a way to make a stock attractive to a wider range of investors. By splitting its shares, Loews will be handing the torch, so to speak, to another Big Board company. At present, the most likely candidate to succeed Loews as the issue with the loftiest price tag is Teledyne, another conglomerate. Its shares closed Friday at 162 1/2, up 3 1/8 points for the week.

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