

December 6, 1944

TECHNICAL MARKET ACTION

Volume was heavy for the first three days of the week and prices continued to show a rising tendency. The rail average reached a new high of 44 1/2 on Tuesday, but the advance in the industrial average was again stopped at the approximate level of the August high (149.28) and the October high (149.20). This Tuesday's high was 149.23. Ability to penetrate these highs would not only indicate a minor uptrend in the industrial average, but would also greatly strengthen the probabilities that the July high of 150.88 would be passed. If that eventuality occurred the rise should continue to the 153-155 area. However, until such a penetration takes place, a cautious trading attitude seems advisable. Would expect a resting period for the rail average in the 45-46 area.

In a letter dated September 18th, when the averages were near the late summer lows, the writer recommended a group of twenty-five medium priced stocks. These issues were recommended because the individual technical patterns indicated eventual substantial price appreciation over the intermediate term. Continued retention of the group is advised- notwithstanding the fact that several of the issues have shown wide gains. The list is reprinted below.

<u>STOCK</u>	<u>Close</u> <u>9/18/44</u>	<u>Close</u> <u>12/6/44</u>	<u>High</u> <u>1943-1944</u>	<u>High</u> <u>1937-1936</u>
Alleghany Ludlum	27	28 1/2	31 1/2	43 3/4
American Bank Note	20 3/8	21 5/8	23 1/8	55 1/2
American Chain	25	25 3/4	27 5/8	33 3/4
Atlantic Coast Line	36 3/8	44	44 1/2	55 1/2
Black & Decker	21 1/2	23 1/4	25 1/8	38
California Packing	27 3/4	26 3/4	30 5/8	48 3/4
Campbell Wyant	19 3/8	19 5/8	21 7/8	40 1/4
Columbia Pictures	18	22 1/2	22 1/2	45
Commercial Solvents	15 1/2	16	18 3/8	24 5/8
Delaware & Hudson	30 1/4	33	37	58 3/8
Gen. Precision Equip.	22	22	24 1/2	33 3/4
Great Northern Ry. Pf.	37 1/2	42 1/2	42 3/4	56 3/4
Hercules Motors	21 1/4	23 7/8	29 1/4	41
Illinois Central	15 3/8	18 1/2	19 1/2	38
Interstate Dept. Stores	17 1/2	18 3/8	20 1/4	37 7/8
Lima Locomotive	38 1/4	49 3/4	50 1/8	83 1/2
Liquid Carbonic	27 1/4	28 1/2	29	26 7/8
Motor Wheel	20 1/2	21 3/4	23	27
Newport Industries	17 7/8	18 3/4	22	41 3/4
Pere Marquette Pf.	44 1/2	55	59 3/8	91
A. O. Smith	35 3/4	48	49 3/4	72
Southern Pacific	27 1/4	37 1/2	38	65 3/8
Western Union A	44 3/4	44 1/2	53 3/8	96 1/2
Worthington Pump	29 5/8	37 1/8	41 1/2	47
Youngstown Sheet & Tube	37 3/4	38 1/2	42 3/4	101 7/8

Anaconda Wire & Cable (36 1/2) and Southern Railway (31 3/8) also have attractive technical patterns and are added herewith to the list. Barber Asphalt (29 3/8) would also appear attractive on a return to the 27-28 area. Advice to hold the issues mentioned in the above list is based on longer term bullish indications and does not necessarily apply to shorter term trading turns.

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The opinions expressed in this letter are the personal interpretation of charts by Mr. Edmund W. Tabell and are not presented as the opinions of Shields & Company.