

January 8, 1945

TECHNICAL MARKET ACTION

The market, after a two day reaction, rallied strongly today led by the rails, oils, sugars, steels and distilling issues. The rails decisively penetrated last week's high of 50.21 to reach a high of 50.95 today, while the industrials just about equalled last week's high of 155.02 by reaching 155.04 today. As the writer told you in his letter of last Thursday, the market may spend a week or two in this area with individual issues having wide price gyrations. The really important point on the industrial average is the 158.98 high which marked the 1938-1939 top of the industrials. If that high is passed, the industrial average will be in the same position as the rail average when it passed its comparable 1938-1939 high of 36.70 in July of 1943.

At that point, the rails indicated a long term uptrend and an eventual indication to 65-70. If the industrials penetrate the 1938-1939 high of 158.98, they also would signal a long term uptrend and an eventual price objective in the 230-240 range.

However, until the penetration occurs, a certain amount of caution is necessary. The momentum of the advance has been rapid and the price objectives outlined by the accumulation bases have just about been reached. It would seem a prudent policy to lighten trading accounts on strength with the objective of repurchasing on price dips or on a penetration of the 158.98 high.

Last week, the writer advised taking trading profits on 28 of the 52 recommended issues and the retention of the remaining 24 issues, thus assuming a 50% liquid trading position. At Thursday's close, the 28 issues sold, all showed a profit to total 182 7/8 points, or an average of 6 1/2 points on each issue.

The list of the 24 remaining issues held is printed below. Retention is advised.

	<u>Price Recommended</u>	<u>Monday's Close</u>
Alleghany Ludlum	27	29 1/4
Allied Stores	20 7/8	21 7/8
American Chain & Cable	25	27 3/8
Anaconda Copper	28 1/4	30 7/8
Bethlehem Steel	64 3/4	70
Bucyrus Erie	13 1/2	13 3/8
Budd Manufacturing	10 1/2	10 1/2
California Packing	27 3/4	28 3/8
Campbell, Wyant	19 3/8	21 1/4
Carpenter Steel	33	33 1/4
Colorado Fuel & Iron	24 5/8	24 3/4
Columbia Pictures	18 1/2	21 1/8
Eagle Picher Lead	14	14 1/4
Engineers Public S	15 7/8	16 1/2
Interstate Dept. Stores	17 1/2	18 3/4
Jones & Laughlin	26 3/4	29 5/8
Kennecott Copper	36 3/8	38 1/4
Poor & Co. "B"	12 3/4	13
Pressed Steel Car	17 1/2	17 3/4
Radio-Keith-Orpheum	9	9 1/4
Republic Steel	19 5/8	21
U. S. Steel	60	62 1/2
Western Union "A"	44 3/4	45 1/2
Youngstown Sheet & Tube	37 3/4	42

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