

January 12, 1945

TECHNICAL MARKET ACTION

While the market moved ahead into new high territory during the week, it seems to be running into increased resistance. For example, the rise from the December 27th low of 147.93 to the January 4th high of 155.00, a rise of 7.07 points, was accomplished in six trading days (including one Saturday) with an average daily gain of 1.18 points. After a two day dip to 153.19, the four day rally carried to a high of 156.68 on Thursday, a rise of 2.99 points in four trading days, or an average daily gain of .73. Furthermore, the volume has increased on the latest advance with a turnover of over 6,500,000 shares from Tuesday to Thursday on an advance of only one point for the three days, or an average advance of .33 on an average turnover of approximately 2,260,000 shares. The rails also seemed to have lost a bit of their momentum with the rail average reaching their intra-day high of 51.35 on Tuesday - two days before the industrials reached their high on Thursday.

These two indications, together with the fact that the base indications on most averages (though not necessarily on individual stocks) have been about reached, leads the writer to believe that the greater part of the short term advance has already been seen. While the market, especially special situations, may continue to advance for a short period, still advise lightening trading commitments to a 50% liquid position.

EDMUND W. TABELL

SHIELDS & COMPANY

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.