

January 29, 1945

TECHNICAL MARKET ACTION

The industrials, at Monday's close of 154.06, are again fairly close to the January high of 156.68. If the upswing from last week's lows is a technical rebound from a temporarily oversold condition, the 153-154 level should be about as far as the rally should carry. The rails were fractionally lower on Monday and, at the close of 48.07, were quite a distance away from the January high of 51.35. The near term outlook remains uncertain.

While the trend of prices over the shorter term is clouded, it is wise to retain one's perspective as to the long term pattern. The writer is extremely bullish over the longer term. He is uncertain as to the near term trend. However, the worst possible decline, when, as and if it occurs, should not carry much below the 145 level. When compared with an ultimate objective of 230 - 240 for the industrial average, the possible intermediate decline is very small. Thus, a 100% invested position for the long term is still advised.

As to the intermediate term trend, the writer advised taking profits on half of the recommended issues early in January. The average profit taken was approximately 6 1/2 points. He still advises keeping this 50% of funds liquid until the technical pattern becomes clearer. The remaining 50% of funds are in the following list. Retention is advised. Technically, these issues indicate much higher prices over the intermediate term.

| | <u>Price Recommended</u> | <u>Monday's Close</u> |
|-------------------------|------------------------------|---------------------------|
| Alleghany Ludlum | 27 | 29 1/4 |
| Allied Stores | 20 7/8 | 21 3/8 |
| American Chain & Cable | 25 | 28 1/8 |
| Anaconda Copper | 28 1/4 | 31 3/4 |
| Bethlehem Steel | 64 3/4 | 71 1/4 |
| Bycyrus Erie | 13 1/2 | 15 1/8 |
| Budd Manufacturing | 10 1/2 | 11 3/4 |
| California Packing | 27 3/4 | 28 7/8 |
| Campbell, Wyant | 19 3/8 | 23 1/2 |
| Carpenter Steel | 33 | 32 1/2 |
| Colorado Fuel & Iron | 24 5/8 | 24 3/8 |
| Columbia Pictures | 18 1/2 | 22 |
| Eagle Picher Lead | 14 | 13 7/8 |
| Engineer's Public Ser. | 15 7/8 | 17 1/2 |
| Interstate Dept. Stores | 17 1/2 | 18 5/8 |
| Jones & Laughlin | 26 3/4 | 29 |
| Kennecott Copper | 36 3/8 | 37 7/8 |
| Poor & Co. "B" | 12 3/4 | 14 7/8 |
| Pressed Steel Car | 17 1/2 | 17 1/4 |
| Radio-Keith-Orpheum | 9 | 9 |
| Republic Steel | 19 5/8 | 20 |
| Reynolds Metals | 15 1/2 | 17 |
| U. S. Steel | 60 | 61 |
| Western Union "A" | 44 3/4 | 45 1/8 |
| Youngstown Sheet & Tube | 37 3/4 | 40 1/2 |

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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.