

TECHNICAL MARKET ACTION

The market continues to move ahead with the rails leading the parade. The rail average reached a new high closing of 56.04 on Monday and also a new intra-day high of 56.15. The industrial average was moderately higher on Monday, but was unable to reach either last week's closing high of 163.83, or the intra-day high of 164.17 made on April 18th.

While the action of the market is impressive, prices are reaching a level that may, from a technical viewpoint, require a minor correction or at least, a consolidating phase. On April 12th, the writer suggested that if resistance levels were penetrated, the objectives would be 167-165 on the industrials and 56-55 on the rails. This objective has almost been attained by the industrials and has been reached by the rails. However, would expect any correction at this point to be of only minor significance. The 161-159 level should be a support area and buying zone.

Another recommended issue, Air Reduction, reached its selling zone at 48 and is temporarily removed from the list. Air Reduction, recommended for purchase late in March at 44, shows a profit of four points. Profit on 37 recommended completed transactions, since January 1st, all resulting in a gain, now total 241 5/3 points.

Believe technical implications of the market pattern justify taking some further profits in hope of reacquiring positions on minor dips. Enter the following sell orders on a portion of recommended list. This advice applies, of course, to shorter term trading commitments and not to the longer term holder:

	<u>Recommended At</u>	<u>Last Sale</u>	<u>Sell At</u>
Allegheny Ludlum	27	32 3/8	34
Allied Stores	20 7/8	25 7/8	27
American Bank Note	24	27	28
Anaconda Copper	28 1/4	33 3/4	Market
Bethlehem Steel	72	77	Market
California Packing	27 3/4	32 1/4	35
Chrysler	98 7/8	105	110
Colorado Fuel	24 5/8	28	Market
Fairbanks Morse	49 3/4	56	60
Foster Wheeler	30	34 1/2	36
Great Northern, pfd.	49 1/4	54 1/4	57
Hercules Motors	26	30 1/8	35
Jones & Laughlin	26 3/4	31 7/8	Market
Republic Steel	19 5/8	22 7/8	Market
Reynolds Metals	15 1/2	19 3/8	20 1/2
Western Union	44 3/4	45 1/2	49 3/4

Balance of recommended list should be retained.

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Closing - Dow-Jones Industrials 163.58
 Dow-Jones Rails 56.05

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.