

TECHNICAL MARKET ACTION

After four days of advance, totalling 4.67 points in the industrial average, the market turned irregular on Thursday and closed fractionally lower. Such action is only normal after a sharp rise and, with volume indications favorable, after some further irregularity would expect the advance to continue. However, expect the market to be extremely selective from here on. Would confine new purchases to issues that have not as yet shown wide price advances.

The aircraft manufacturing group contains a number of issues that seem to fit into this category. In most cases, the stocks in this group are selling considerably below their 1938-1940 highs, and at present levels appear attractive technically. Three stocks in the group, Consolidated Vultee, Grumman and Republic Aviation are part of the recommended purchase list. These three issues and others in the group are reviewed below.

Aviation Corp. - Reached high of $8 \frac{3}{8}$ in 1940 and $9 \frac{1}{2}$ in 1939. Present price $7 \frac{5}{8}$. Has long-base pattern. Selling at 10 would indicate at least the 20 level. May require considerable patience, but if basic pattern works out could show tremendous percentage appreciation.

Beech Aircraft - One of the few issues in the group that has sold above its 1940 high. Reached $11 \frac{5}{8}$ in 1940 and $15 \frac{1}{2}$ in 1943. At present level of 10 $\frac{1}{2}$ the stock seems well deflated. Good support level at 10-9 area.

Bell Aircraft - Sold at $37 \frac{1}{4}$ in 1939-38. Has formed interesting technical pattern with a long term uptrend indicated if 21 is reached. At present price of $16 \frac{3}{8}$, the stock looks attractive.

Boeing Airplane - Reached a high of $49 \frac{3}{4}$ in the late 1930s. Present price is $21 \frac{3}{8}$. Has formed a very large base pattern. Selling at 25 would be a very bullish signal. Purchase advised on dips or on penetration to 25.

Consolidated Vultee Aircraft - Another issue which has sold above its early war high. Old Consolidated Aircraft, prior to merger with Vultee, sold at $50 \frac{3}{8}$ in 1941. This is equivalent to a little over 25 on the present issue, which is the result of a two for one split. Penetration of old high would be of considerable bullish significance. Present price is $21 \frac{3}{4}$.

Curtiss-Wright - 1940 high was $11 \frac{3}{8}$. Present price 6. While issue appears well deflated, its technical pattern is not as interesting as other issues in the group.

Douglas Aircraft - 1940 high was $94 \frac{7}{8}$. Now selling at $79 \frac{7}{8}$. Due to high price, has not as much speculative appeal as lower priced issues. However, technical pattern is favorable and stock should be bought on minor price dips. Heavy support level in 75-70 area.

Grumman Aircraft - At present price of 36, is selling considerably above the 1940 high of $25 \frac{3}{8}$. However, technically, the stock still points higher. Buy on minor weakness.

Lockheed Aircraft - 1940 high was $41 \frac{7}{8}$. Present price $23 \frac{3}{8}$. Has long base pattern that would indicate a sizeable rally if 26 were reached. Would advise purchase on dips or on penetration to 26.

Martin (Glenn L.) - Reached $47 \frac{3}{4}$ in 1940 as against present level of $24 \frac{5}{8}$. However, pattern is not as clear as other issues in the group.

North American Aviation - Selling closer to low than any other issue in group. 1944 low was $7 \frac{5}{8}$ against high of $10 \frac{3}{8}$ in 1939-38. Present price 24. However, here again pattern is not clear. Prefer other issues in group.

Republic Aviation - The most attractive low priced issue in the group. Stock has made new high this year, but technical pattern still attractive. Present price is $8 \frac{5}{8}$.

United Aircraft - Other issues in group more attractive technically. 1940 high $53 \frac{3}{8}$. Present price $28 \frac{1}{4}$.

EDMUND W. TABELL

SHIELDS & COMPANY

May 31, 1945

Closing

Dow-Jones Industrials - 168.30
Dow-Jones Rails - 57.90

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.