

TECHNICAL MARKET ACTION

The market continues to be highly selective. Both the rail and utility averages reached new highs on Thursday, but the industrials are still more than two points below the high point of the year. However, individual industrial issues have had sharp upswings while the average has done little marketwise. Continue to look for a continuation of this type of action. Would confine purchase to laggard groups that indicate a possibility of catching up with the general list.

The aircraft manufacturing stocks have had a sizeable rally since the group was mentioned two weeks ago as technically attractive. The issues that then appeared to have the most favorable patterns are listed below:

	Price <u>5/31</u>	Recent <u>High</u>
Aviation Corporation	7 5/8	9
Beech Aircraft	10 1/2	13 5/8
Bell Aircraft	16 3/8	19 5/8
Boeing Airplane	21 3/8	27 3/8
Consolidated Vultee	21 3/4	25 1/4
Douglas Aircraft	79 7/8	91 1/2
Grumman Aircraft	36	42 3/4
Lockheed Aircraft	23 3/8	27 1/2
Republic Aviation	8 5/8	10 7/8

Regardless of the rise, retention is still advised. The group may or may not be subject to some profit taking here or at slightly higher levels, but the writer believes the five year downtrend in the group is over and that the group is in a major uptrend. Retain holdings.

Last week the writer advised American Cable & Radio, Farnsworth and Radio-Keith-Orpheum as three issues which have done little marketwise, although the technical patterns are bullish. Two of these were strong and active on Thursday. Farnsworth sold as high as 15 7/8 on Thursday on increased volume, and American Cable moved up to 12 3/8. Still advise retention and purchase.

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Closing

Dow-Jones Industrials	167.08
Dow-Jones Rails	59.87

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.