

### TECHNICAL MARKET ACTION

Thursday's market sold off sharply on increased volume of 1,440,000 shares. The industrials lost 2.53 and the rail average was down 1.93. The closings were at new lows for both averages. There is no change in technical market opinion. Believe the secondary trend is down with the industrial average headed for the 160-155 area (for a closer approximation would attempt a guess at 159-157) and the rails for approximately 55 or possibly a shade lower. If you have followed advice given last week you are entirely out of the market in trading accounts, with 100% of funds available for purchasing on further price concessions.

Tuesday's letter gave buying levels on seven railroad issues. None of them have yet been reached, although at Thursday's lows several were very close. Still advise purchase at suggested levels.

Would add the following fourteen issues to the recommended list if available at prices mentioned.

American Bank Note - Closed at 26 1/2. Year's high 34 3/4. Would purchase at 24.

American Water Works - Closed at 14 7/8 against the year's high of 17 1/2. Purchase advised at 12 1/2.

Armour - Closed at 8 3/4. Range for year 10 1/4 high and 6 3/8 low. Buy if available at 8.

Boeing Airplane - Closed at 22 5/8. Should be buy in buying range in 21-19 area. Suggest purchase at 20. High for year was 29 3/8.

Budd Manufacturing - Closed at 14. High for 1945 was 17. Would buy at 12 1/2.

Chrysler - Closed at 105 1/4. Year's high 117 3/4. Technical indications point to 103-98 as a support level. Suggest purchase at 100.

Engineers Public Service - Close was 23 1/8 against the year's high of 27 3/4. Would look attractive technically at 22.

Foster Wheeler - Closed at 32. Has reacted sharply from high of 41 5/8. Would add to list if available at 29.

Hercules Motors - Closed at 26. High was 31 3/8. Might work down to 23, where purchase is advised.

International Paper - Closed at 24 1/2. Year's high 30 1/4. Top indicates a dip to 24-22. Would buy at 22 1/2.

International Telephone & Telegraph - Closed at 23 1/8. Year's high 31 1/4. Top formation suggests 24-22. Buy at 22.

Lockheed - Close was 25 1/4 against a high of 30. Technical formation suggests a possible dip to 24-22. Suggest purchase at 23.

Newport Industries - Closed at 22 1/4. The 1945 high was 28. On long term uptrend with support at 22-20 area. Suggest purchase at 21.

Penn Central Airlines - Closed at 34. Recent high was 38 1/2. A volatile performer. Would suggest purchase if available at 30 1/2.

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July 27, 1945

#### Closing

Dow-Jones Industrials	160.91
Dow-Jones Rails	55.71

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.