

TECHNICAL MARKET ACTION

Both the industrial and rail averages reached new highs for the move on Thursday with the industrials reaching a high of 179.73 and the rails 57.39. The market continues to show amazing vitality. The industrial average has closed higher in sixteen of the last eighteen trading sessions with a gain for the period of approximately sixteen points.

At this stage of the advance, it would seem wise to consider taking some trading profits on the issues in our recommended list, most of which were bought around the August lows. The industrial averages have now reached the upper part of the 175-180 range which was the writer's objective for this phase of the advance. The rails have also reached the comparable 56-57 objective.

As far as the industrials are concerned, while the average has reached its first objective, technical patterns of individual stocks still indicate higher prices for the move and there is a possibility that before or after a minor corrective reaction, the 185 level may be the near term objective. With that possibility in mind, would continue to hold the majority of the industrials for further appreciation. However, the three aviation issues in the list have shown sizeable percentage appreciation and profit taking is advised in hope of replacing later at lower levels.

Sell

	<u>Recommended At</u>	<u>Last Sale</u>
Bell Aircraft	17 3/8	22 3/8
Boeing Airplane	20	25 1/4
Lockheed	24	31 1/8

The rails present a rather different pattern than the industrials. At Thursday's close, the rail average was still six points below the early summer top while the industrial average was almost ten points above the comparable top. The area above, between 57 and 60, is a rather heavy supply zone and considerable resistance may be encountered before the overhead supply is penetrated. While the technical long term outlook for the rails is extremely favorable, some further backing and filling may be required before the real up move takes place. Advise profit taking on six of the seven rail issues in the recommended list. Will replace all these issues on weak spots when, as and if they occur. Sell

	<u>Recommended At</u>	<u>Last Sale</u>
Alleghany Corp. pfd.	44 1/2	49 3/4
Atchison, Top. & S. F.	87	89 3/4
Illinois Central	30	34 1/2
New York Central	23 1/2	26 1/2
Northern Pacific	26	28
Southern Pacific	46 1/2	48 7/8

Profits on the nine issues sold total 36 1/4 points. The record of all completed transactions since the first of the year is now -

Number of trades	115		
Number of Gains	92	Points Profit	454 1/2
Number of Losses	21	Points Loss	36 3/4
Even	2		

Total points profit - 417 3/4

Retention of the remaining twenty-three issues on recommended list is advised.

Would also add National Power & Light (last sale 12) to the list.

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<u>Closing</u>	
Dow-Jones Industrials	178.59
Dow-Jones Rails	57.27

The opinions expressed in this letter are in the personal interpretation of charts of Mr. Edmund W. Tabell and are not presented as the opinions of Shields & Company.