

TECHNICAL MARKET ACTION

Both the Dow-Jones industrial and utility averages reached new bull market high territory on Monday. The industrials closed at 185.46, a gain of .63 on the day, after reaching a new intra-day high of 186.02. The utility average reached a new high at 35.31 and closed at 35.06. While the rails were fractionally higher on the day, the intra-day high of 59.75 was still approximately four points below the June 26th high of 63.62. Monday's rail rally even failed to penetrate the recent high of 59.95 reached on October 2nd.

The inability of the rail average to better the highs made over three months ago is rather disturbing. While the writer does not entirely subscribe to the Dow Theory of the needed confirmation by both averages, there are many technicians that do. Their resulting purchases or sales, depending on whether or not the rail average confirms the industrial penetration, could have considerable effect on the market.

However, there is nothing to indicate, as yet, that this confirmation will not eventually occur. Therefore, continued retention of recommended issues is advised until the intermediate price objectives mentioned in recent letters are reached. In a specialty market of this type, it seems the wiser procedure to follow the action of individual issues rather than attempt to forecast a top for the general averages.

Another market laggard, Western Union A, has been showing some signs of life recently. WU-A made its high of $53 \frac{3}{8}$ in mid 1944 when the industrial average was around the 150 level. A subsequent reaction carried it back to the 42 level. The range, so far, for 1945 is $51 \frac{7}{8}$ high and 44 low. Monday's close was $51 \frac{1}{2}$. While from a strictly technical point of view a penetration to 54 should be awaited before purchase, the technical pattern is favorable enough to suggest purchase immediately in anticipation of an eventual penetration and a worthwhile market rise.

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Closing

Dow-Jones Industrials	185.46
Dow-Jones Rails	59.39

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.