

### TECHNICAL MARKET ACTION

The industrials regained all of the losses suffered in Friday's decline and closed at a new high for the move on Monday. The rails also recovered a good portion of the dip but are still three points below the June high. There is no change in opinion. While the market, after its steep rise from the August lows, is vulnerable at any time to a sharp and sudden corrective reaction, there is no definite technical indication as yet that such a reaction will be important enough to warrant complete liquidation. Retain recommended list but take profits as individual issues reach their objectives as outlined in recent letters. For new purchases, would confine commitments to issues which have not had, as yet, sharp price advances.

In attempting to find issues and groups that have not participated in the general rise, consideration must be given to the oils. In many instances, stocks in this group are selling at or below their 1943 highs when the industrial average was 145 as compared with 187 at the moment. One example is Shell Union Oil. The 1943 high was 29. On Monday the stock reached a new high at 30. The penetration of the 29-21 trading range suggests that range was a re-accumulation area. Suggest purchase of Shell Union Oil.

Another oil issue with a somewhat similar technical pattern is Mid-Continent Petroleum. The stock would appear attractive if 32 were reached. The high so far has been 31 3/4 and Monday's close was 31 1/8. Suggest purchase if 32 is reached.

Two other oil issues, Barnsdall Oil which closed at 21 7/8 and Texas Pacific Coal & Oil which closed at 23 3/8, are recommended for purchase. The technical patterns on both these issues are different from the two mentioned above, but both are below their respective highs of 25 and 26 1/8 reached earlier in the year and they both appear attractive chartwise.

Another backward issue is Colt's Patent Fire Arms listed on the New York Curb. Monday's close was 40 3/8. The average price for this issue in the period between 1936 and 1944 was approximately 63. The high during this period was 98 and the low 32 1/2. Since early 1944 the stock has held in a range between the full figure points of 33 and 41. A penetration to 42 would suggest the start of a substantial move. Purchase of Colt's Patent Fire Arms is recommended from a technical viewpoint if 42 is reached.

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#### Closing

Dow-Jones Industrials	187.06
Dow-Jones Rails	60.24

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