

## Technical Market Action

At Thursday's highs of 200.86 on the industrial average and 67.25 on the rails, the market had recovered 4.64 and 2.47 points of the 9.51 and 2.79 point decline from last week's highs. Thus the rail average almost succeeded in reaching new high territory while the industrials regained only approximately half of the decline.

Would expect this diverse action to continue in the market as a whole. Believe any rise from here on will be even more selective than hitherto. The technical patterns of individual stocks are, in many instances, quite different with some showing signs of having reached indicated objectives and forming distributional patterns, while others still seem to have further profit possibilities on the up side. This is in line with the thought that the market may possibly be in the first stages of a distributional formation. During such a period there are usually sharp run-ups in selected issues while the balance of the market makes little progress.

Such a formation may require some time for completion. Believe market, at the moment, is only in the initial stage. Therefore, continue to advise retention of recommended issues until intermediate price objectives are reached. One more issue, Missouri-Kansas-Texas pfd., recommended at 39 7/8, reached its intermediate objective area of 49-53 and is dropped from the list.

Continue to like technical action of Alleghany Corp. pfd. The stock reached its previous high of 61 3/4 on Thursday and closed at 61 3/8. The pattern suggests higher prices.

Hudson Motors, while it has done little marketwise recently, also appears to be building up a favorable pattern. Its action in the decline was encouraging. Thursday's close was 32 3/8.

EDMUND W. TABELL

SHIELDS & COMPANY

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Closing

Dow-Jones Industrials	200.04
Dow-Jones Rails	66.46