

Technical Market Action

Monday's market was off sharply with the industrial average closing 2.76 points lower and the rails losing 1.58. The day's losses were sharper than any of the declines witnessed early last week. At Monday's close, the averages had lost a good portion of the Thursday to Saturday rally which totalled 5.67 points in the industrials and 2.14 in the rails.

The erratic market action of the past week, with sharp and rapid declines followed by equally sharp and rapid recoveries, is typical of intermediate distributional markets. The question is whether the market is ready to decline immediately or whether there must be additional backing and filling to further broaden out the top before the real decline ensues. Am more inclined to believe the latter course will be followed.

Monday's decline could easily carry further. The first support level is the 197.65 low of last week. If this point were penetrated it would signal an intermediate downtrend as last week's high of 205.35 did not penetrate the 207.24 high reached earlier in the month. However, even if this occurred, would not expect the averages to move much below that level at this time. Top count indications point to 196-193 as a possible objective. In addition, the 195-190 area is an extremely strong support zone which should hold up at least against the first downside onslaught.

In other words, would expect possibly some further weakness into the 200-195 area followed by a rally. Would continue to liquidate intermediate term holdings on strength.

EDMUND W. TABELL

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SHIELDS & COMPANY

Closing

Dow-Jones Industrials	201.63
Dow-Jones Rails	65.37