

## Technical Market Action

The market staged a selective rally on Thursday with utilities, mail orders, aircrafts and a number of specialties showing the greatest strength and activity. The industrial average closed up 1.18 higher at 191.46 and the rails gained 39 cents at 62.60. The intra-day high on the industrial average was 191.93. Transactions were below average with a trading volume of 900,000 shares. Believe the short term trend indicates moderately higher prices. Expect a further extension of the rally into the 192-195 area with an outside possibility of reaching the 197-199 zone. Would take profits on the eleven trading issues, recommended last week when the averages were around 186, if 195 is reached on the industrial average.

The intermediate trend is still indicated as down. Further rally should meet resistance at 197-199, the lower part of what is now indicated as the 207-197 distribution area. No change in the intermediate trend would be indicated until, after a rally, the market declines and fails to penetrate the previous low. If then the next rally carries above the previous high, a change in the trend would be indicated. If this pattern is to be followed, considerable time may elapse with the market backing and filling to form a re-accumulation base. A penetration of the 184.05 low of February 26th would indicate a further decline to the 180-170 area. Would liquidate all intermediate trend holdings if 197 is reached or when recommended issues reach objective levels.

One issue, American Power & Light \$5 pfd., which was recommended at 70, reached its intermediate objective of 102-105 and is dropped from the list.

Another issue, Barnsdall Oil, recommended at 21 7/8, reached a new high at 26 3/8 on Thursday. Would hold until its intermediate objective of 30-32 is reached or until the average reaches 197.

As for the major trend, there is no change in indication. Believe present reaction is a much needed intermediate correction in a bull market with much higher prices eventually indicated.

EDMUND W. TABELL

March 7, 1946

SHIELDS & COMPANY

### Closing

Dow-Jones Industrials	191.46
Dow-Jones Rails	62.60