

## Technical Market Action

After a slow irregular decline in the early hours of Thursdays market, the market rallied in the afternoon and regained the days losses to close higher on the day. The industrial average was up \$1.12 on the day while the rails gained 18¢. Volume increased on the rally with an average hourly turnover of approximately 240,000 shares against less than 200,000 hourly average during the morning irregularity.

The market, in the face of unfavorable news developments, has been putting on a remarkably good performance. Volume continues to dry up on declines, and increase on the rallies. Coupled with the ability of industrial issues to move ahead sharply into new territory, the action of the market has been much better than expected.

However, from a technical viewpoint, the pattern still remains extremely uncertain. Under the Dow theory, the picture will not be changed until the rails confirm the April penetration of the industrials of the February highs. Waiting for this signal, however, may require considerable patience and entail missing a good portion of the moves in other sections of the list. Would be satisfied if the two combined averages, the Dow Jones 65 stock average (now 76.59) and the New York Times 50 stock average (now about 142) were able to better their February highs of 77.92 and 144.71. In that event, believe possibilities would favor the resumption of the intermediate and long term advance which has been stalled since February.

Waiting for this signal would necessitate possibly losing point or two of the advance, but as a matter of caution, would consider it insurance against the possibility of a sizeable decline if the pattern turns out unfavorably. In the meantime, continue to advise a liquid position in intermediate term trading accounts.

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### CLOSING

Dow-Jones Industrials	206.17
Dow-Jones Rails	63.96