

Technical Market Action

Tuesday's session turned reactionary after Mr. Truman's veto message on the Case Bill. The industrial average was particularly hard hit to close \$1.63 lower at 209.05. The low of the day was 208.92, in comparison to last week's low of 208.33. The rail average also closed lower at 66.54, down 32 cents. However, the rails acted much better than the industrials and, during most of the day, sold above the previous close. At the day's high of 67.64, the average was in shooting distance of the bull market high of 68.42, reached both in February and May. The day's low of 66.44 compares with last week's low of 65.64. Volume at 1,080,000 shares was at about the average of recent sessions, although there was a pickup in activity in last hour sell-off.

Believe the clue to near term market action will be given by the rail average. A penetration of the bull market high of 68.42 would be a distinctly encouraging development. Based on the technical action of individual rail issues, believe the barrier will be penetrated shortly. However, until that event occurs, would be only partially invested in intermediate term trading accounts. Below are listed recent recommendations. Purchase is advised on soft spots.

	<u>Last Sale</u>	<u>Price When Recommended</u>
American Metal	41 1/2	41 3/4
American Water Works	27 1/4	27 1/2
Baltimore & Ohio	26 1/2	25 3/4
Bliss, E. W.	31 3/8	31
Bridgeport Brass	19	18 1/2
Continental Can	52 1/4	52
Davison Chemical	29 1/2	29 5/8
General Railway Signal	46 3/8	44
Hercules Motor	32 5/8	34 1/2
Inspiration Copper	21 1/2	21 3/8
Jones & Laughlin	49 5/8	48 7/8
Lima Locomotive	74 1/2	75
Miami Copper	17 1/8	17 1/2
National Malleable Steel	35 1/4	34 7/8
Northern Pacific	32 5/8	32
Southern Pacific	67 1/8	63
Western Pacific	54	54

Also like the market action of Burroughs Adding Machine. At Monday's close of 21, the stock is selling close to the year's high of 21 1/2, but technical pattern is very favorable.

EDMUND W. TABELL

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SHIELDS & COMPANY

Closing

Dow-Jones Industrials	209.05
Dow-Jones Rails	66.54
65-Composite Stocks	78.02