

## Technical Market Action

After early firmness, the market turned irregular in later trading on Monday and the closing was mixed with the industrial average showing a loss of 23 cents at 210.13 while the rails closed 20 cents higher at 68.22. During the course of the day, the rail average reached 68.77, a new bull market high. Trading continued restricted at 1,020,000.

The lack of follow through by the rail average after penetrating the old highs by only a slight fraction, is rather discouraging. At Monday's intra-day high of 68.77, the average was only slightly above the old 68.42 high of February. On the basis of closing prices, last week's closing high of 68.31 was only 8 cents above the February high of 68.23. Some Dow theory followers require a fuller penetration and do not believe that a new bull market signal will be given until a more decisive penetration occurs.

Personally, believe that the action of individual rail issues portends an eventual larger penetration of the previous high and a confirmation of the bull market. However, believe such action may be delayed momentarily while the market consolidates around present levels or slightly lower. Do not believe that any reaction, at this stage, will be other than relatively minor. On such a reaction would purchase rails, heavy industries, and other special situations previously recommended. Do not look for a broad upswing from this level but rather a very selective rise with many groups failing to participate to any great extent. Believe selection, at this point, will be of greater importance than heretofore.

Hesitate to name a price objective on the Dow-Jones industrials for the intermediate move. The New York Times average, now at approximately 147, indicates an eventual 155-157 with support at 144-147. Comparable prices on the Dow-Jones average would most likely be around 220 on the industrials and 73-75 on the rails with support at 206-208 and 67.

EDMUND W. TABELL

SHIELDS & COMPANY

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### Closing

Dow-Jones Industrials	210.13
Dow-Jones Rails	68.22
65-Stock Composite	78.79