

Technical Market Action

Monday's market opened sharply higher but, after the first hour and a half, the pace subsided and by the close most of the gains had been substantially reduced. Volume of trading in first hour was 570,000 shares which was over one-third of entire day's transactions. At the high of the day, the industrial average reached 208.59, up \$2.97 over Friday's close, while the rails at 66.90 were up \$1.09. At the close, the industrials, at 206.47, had retained only 85 cents of the gain while the rails, at 65.78, retraced the day's gains and closed 3 cents lower.

The last hour action was rather discouraging but, at the day's high, the industrials had reached the early June distributional area of 208-212. The market stayed within this range for fifteen trading days prior to the recent sharp sell-off and overhead resistance is to be expected as the market approaches this area. The inability of the rail average to rally more strongly was also a rather discouraging factor. Most favorable action over the near term would be a side-wise movement for the next few days, followed by a rally above Monday's highs. The only thing that would change the writer's constructive attitude toward the intermediate trend would be a decline that carried below the May and June lows. Would consider a closing below 199 as a bearish signal./

Still favor the heavy industry group over the consumer group. Advise retention of recommended issues in both intermediate and long term list.

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SHIELDS & COMPANY

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Closing

Dow-Jones Industrials	206.47
Dow-Jones Rails	65.78
Dow-Jones 65-Stock	77.03

The opinions expressed in this letter are the personal interpretation of charts by Mr. Edmund W. Tabell and are not presented as the opinions of Shields & Company.