

Technical Market Action

The market advanced for the seventh successive day on Thursday. On the basis of closing prices, the industrials have regained 7.04 points or approximately 40% of the 17.28 point drop from the May high of 212.50 to last week's low of 195.22. Comparable figures on the rails are 1.89 points or approximately 24% of 7.90 point drop from the May high of 68.31 to the recent low of 60.41. The utilities have regained 1.91 or approximately 46% of the 4.11 point drop from 43.74 to 39.63. So far, it is quite evident that the action of the rail average has not been as favorable as that of the other two averages. For the near term, would expect at least a minor sell-off from these levels and possibly a testing of last week's lows.

Several recommended issues have shown good technical action in the recent sell-off. American Steel Foundries held above the 40 level, at which point there is good downside resistance. Thursday's close was 44. Advise purchase on soft spots.

Delaware & Hudson also held at the 42 support level. This issue is down sharply from the late 1945 high of 57 1/2. Since the beginning of the year it has held in a trading range between roughly 50 and 38 with most of the work in the 48-42 range. An upside emergence would indicate much higher levels. Would watch the issue closely.

Also like the action of Eagle-Picher. The stock is down from the 30 1/8 high and at 26-24 would appear to be in a buying range. Long term technical pattern indicates much higher levels eventually.

Sunshine Mining also has a very interesting technical pattern. On the last reaction, support was evident at the old 18 resistance level. The pattern, if 18 holds, indicates re-accumulation. The stock sold above 20 on Thursday compared with the 1946 high of 24.

EDMUND W. TABELL

August 1, 1946

SHIELDS & COMPANY

Closing

| | |
|-----------------------|--------|
| Dow-Jones Industrials | 202.26 |
| Dow-Jones Rails | 62.30 |
| Dow-Jones 65-Stock | 74.85 |