

Technical Market Action

After a continuation of Friday's rally to an early morning high of 172.15 on the industrials and 48.09 on the rails, the market turned dull and irregular until the final two hours of trading when a new deluge of selling brought the averages down to intra-day lows of 166.09 and 45.45. The closings were 166.56 on the industrials, down \$2.50, and 45.69 on the rails, off \$1.26. Both averages held above last week's lows of 164.09 and 45.37. Volume was 2,110,000 shares, with trading heaviest in the final hours.

As to the action of the market, see no change from the last paragraph of our last letter dated September 19th.....

"Would hesitate to mention a possible buying point in the averages other than it would be between here and approximately 157. Would rather watch action of individual issues as it usually happens that all stocks do not make their lows at the same time."

What we are witnessing, in my opinion, is a building up of a base formation. In the process, some issues may sell somewhat lower and the averages also may go into new low ground, possibly as low as the 160-157 range in the Dow-Jones industrials and around 107 (now approximately 112) on the New York Times averages. However, a great many other issues have held at or above the lows of the last two weeks and may have already reached their objectives.

Advise purchases on weakness into the buying ranges mentioned in previous letters. Only a comparatively few such issues have reacted substantially below the lower point of their buying areas. Additional buying ranges will be mentioned shortly.

After the lows are reached, and in my opinion that point will be between present prices and 157, expect after a possible period of irregularity, a technical rally that should retrace one-third to two-thirds of the decline from the highs of 213 on the Dow-Jones industrials and 148 on the New York Times average.

EDMUND W. TABELL

September 23, 1946

SHIELDS & COMPANY

Closing

Dow-Jones Industrials	166.56
Dow-Jones Rails	45.69
Dow-Jones 65-Stock	59.73