

Technical Market Action

The action of the market in the final hour of Monday's session was extremely impressive. On a sharp increase in volume, the motors and steels paced the advance of the industrials to a level above the highs of the "margin" rally of Saturday a week ago. The intra-day high of the industrial average at 177.55 compares with the January 18th high of 176.77. The closing price was 177.28, up \$1.93 on the day. The rails closed 24 cents higher at 49.46 and the intra-day high was 49.53 as against the January 18th high of 49.45. Transactions totalled 900,000 shares of which 380,000 shares was in the final hour.

Consider Monday's action impressive for the following reasons -

(1) As mentioned above, prices were able to rally above the last minor high thus confirming the minor trend as up.

(2) Ability to work into the heavy overhead resistance in 175-179 range in which the market held for twenty-seven trading days from the coal strike settlement on December 7th to January 11th, suggests the possibility of a penetration of the January high of 179.25 and the December rail high of 52.96. This would confirm the intermediate trend as up.

(3) Selling pressure has been consistently declining. An increase in buying urge, as would be evidenced by sharply increased volume on the upswing, would indicate that the probabilities favor the theory that the bear market lows were made in October.

For the last four months this letter has advised the purchase of recommended issues on market weakness. If this advice has been followed, purchases have already been made at prices, in most instances, considerably below present levels. Advise continued retention for substantially higher prices.

EDMUND W. TABELL

January 27, 1947

SHIELDS & COMPANY

Closing

Dow-Jones Industrials	177.28
Dow-Jones Rails	49.46
Dow-Jones 65-Stock	63.96

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.