

## Technical Market Action

The rails were strong on Monday and at the days high of 52.47 were close to the December high of 52.96. The close was 52.06, up 39 cents on the day. Ability of the rail average to follow the industrials into new high territory would be an extremely constructive development. If the rails are able to reach the 53 level, technical indications point to the 58-60 zone as the first real resistance area.

Individual rail issues have built up sizeable base patterns and several have been consistently recommended in this letter for purchase on price weakness over the past four months. Some issues show better technical patterns than others and indicate rally possibilities of 50% to almost 100% above present levels. Some have possibly anticipated an upside penetration of the average and have already broken out of their individual trading ranges. Most of the railroad issues are listed below with their 1946-47 price range together with their intermediate term price objectives if upside resistance is penetrated. In cases where this has already occurred, the issue is marked with an asterisk. It will be noted that price objectives, in some cases, are somewhat higher than those listed in our general compilation of January 30th. This is because we are taking a slightly longer term view in this instance and are ignoring temporary nearer term resistance levels.

	1 9 4 7		Upside	Rally	Last
	High	Low	Penetration	Objective	Sale
Alleghany Corp.	8 1/4	3 3/8	5 *	8	5 5/8
Alleghany Corp. pfd.	69 1/4	29 3/4	41 *	65-67	42 1/4
Atchison, Top. & S.F.	121	78	93 *	134-136	95
Atlantic Coast Line	83	45	57	71-84	54 1/2
Baltimore & Ohio	30 1/4	11	18	25-27	16 1/4
Baltimore & Ohio, pfd.	47 1/4	18 1/2	26	39-49	24 1/4
Canadian Pacific	22 7/8	11 3/4	15	18	14 1/4
Chesapeake & Ohio	66 7/8	48 3/4	57	65-75	52 1/8
Chicago & East. Illinois	18 1/2	4 7/8	9	11-14	7 1/4
Chicago & East. Ill. "A"	26 1/8	9 5/8	14	21	12 5/8
Chicago & Gt. West pfd. A	33 5/8	11 1/4	17	24-26	15 1/4
Chicago, Ind. & St. Louis A	15 3/4	7	12	16-21	10
Chicago, Mil. St. P & Pac.	36 1/2	11	17	25	13 7/8
Chicago, Mil. St. P & P. pfd.	82 1/4	30 3/4	52	68-72	38
Chicago & Northwest	43 1/2	15 3/8	24 *	41-46	24 5/8
Chicago & Northwest, pfd.	76 7/8	34 1/2	54	71-87	50 1/4
Delaware, Lack & West.	16 1/4	6 3/8	9 *	15 1/2-17	10 3/8
Eric R.R.	23 1/8	9 1/2	14	19-21	12 3/8
Great Northern, pfd.	64	40 1/2	52	83-85	49 1/4
Gulf, Mobile & Ohio	30 1/4	9 1/2	16	24-26	14 3/8
Gulf, Mobile & Ohio, pfd.	78 7/8	31 1/4	49	67-70	48
Illinois Central	45 1/2	18 1/8	28	46-55	27 7/8
Kansas City Southern	40 1/4	18 3/4	29	40-54	27 3/4
Louisville & Nashville	72 1/4	45 3/8	53	76	51 3/8
Minn. St. Paul & S. S. Marie A	26 3/8	9 3/4	15	19-23	12 7/8
M.K.T. pfd.	52	19	27	40-45	24 5/8
New York Central	35 3/4	13 7/8	20 *	23-26	21 3/4
New York, Chic. & St. L.	61 1/4	26	40	57-60	35
New York, Chic. & St. L. pfd.	135	79	106	168	99
Norfolk & Western	288 1/2	223	245	280-290	233
Northern Pacific	36	16 3/8	24	35-39	20 3/4
Pennsylvania R.R.	47 1/2	25	30	37-39	26 3/4
Reading	33 5/8	16 3/4	24	34-36	21
Seaboard	37 3/4	16 5/8	23	41	21 1/4
Seaboard, pfd.	77 3/4	42	55	77	50
Southern Pacific	70	38 1/4	50	73-80	44 7/8
Southern Railway	65	33	43 *	74-78	46 1/2
Texas & Pacific	65	35	51 *	77-80	55 1/4
Western Maryland	13 1/8	5 1/8	8	12-14	7 3/4
Western Maryland, pfd.	32 3/4	14	16 *	22	17 7/8
Western Pacific	56 1/2	27	38 *	48-55	26 7/8

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### Closing

Dow-Jones Industrials	181.92
Dow-Jones Rails	52.06
Dow-Jones 65-Stock	65.97

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.