

Technical Market Action

After a fractional rally at the opening, the market turned irregular on Monday and after a few attempts to rally turned moderately lower. The industrial average lost 92 cents at 183.57 and the rails were down 87 cents at 52.55. Volume totaled 1,300,000 shares.

What of the market now? From a low of 170.13, reached on January 16th, the market has rallied to Saturday's high of 184.83, a rise of \$14.70 in less than a month. The advance has been sharp. Has it about reached its objective?

From an intermediate term point of view, it would appear, from the technical pattern, that the advance has further to go. Our objective of 190-200, on the Dow-Jones industrials, with an outside possibility of 195-205, has not yet been reached. This is also true of the objectives of 130-134 on the New York Herald-Tribune average and 135-140 on the New York Times average. These averages are now both approximately 125. A perusal of the upside objectives of individual issues as outlined in our letters of January 29th, 30th and February 3rd, also suggests a higher price level. A very small number of individual issues have about reached their intermediate price objectives, but they are only a minute percentage of the total number of issues mentioned in our letters of the last few months. Issues that are close to intermediate term objectives should be switched to other issues that still indicate substantial price appreciation. However, in the great majority of cases, higher prices are indicated for the intermediate term.

Obviously, these intermediate term objectives will not be reached immediately and will be interrupted by minor corrections. Unfortunately, the writer knows of no reliable indicator to forecast the minor day to day moves of the market. Somewhere along the line these reactions will occur and if one is able to take advantage of them it may be possible to repurchase recommended issues at lower levels. However, would expect such corrections to be relatively minor when compared with the objectives of the intermediate trend.

In a nutshell, the market, subject to technical corrections, indicates higher levels. Soft spots should be used to add to holdings.

EDMUND W. TABELL

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SHIELDS & COMPANY

Closing

Dow-Jones Industrials	183.57
Dow-Jones Rails	52.55
Dow-Jones 65-Stock	66.57

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.