

Technical Market Action

Mr Tabell

WRITTEN IN LOS ANGELES

After reaching a high of 177.51 last week, the market turned extremely dull and for the first two days of the week worked irregularly lower on volume - only 580,000 shares on Monday and 660,000 shares on Tuesday. Volume increased in the last hour dip of Tuesday after a turnover of only 400,000 in the first four hours. The industrials closed \$1.11 lower at 175.29 and the rails were down 27 cents at 48.28. Expect some further irregularity for the balance of the week with the industrial average possibly working down to the 173-174 level.

As mentioned in our letter of last Tuesday, it was expected that the rally from 171.90 low would meet resistance in the 176-179 area to be followed by irregularity and another dip to build up a larger base. So far this pattern has worked out. Would be inclined to buy on further softness in anticipation of a Spring rally that would carry above the February high of 184.90. See no change in the longer term opinion expressed recently that the market will for the greater part of the year hold in the 175-195 range. Only in periods of extreme pessimism or extreme optimism will the market move below or above this range and then only for short periods of time.

Continue to advise purchase of recommended issues on dips. Like, among others, Seaboard Air Line R. R., Illinois Central, Chicago Northwestern in rail group and Republic Steel, Crane, Union Bag, Simmons, General Cable, United Airlines, Transcontinental & Western and Deere in the industrial group.

EDMUND W. TABELL

SHIELDS & COMPANY

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Closing

Dow-Jones Industrials	175.29
Dow-Jones Rails	48.28
Dow-Jones 65-Stock	62.93

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.