

Technical Market Action

Flinkote was originally recommended for purchase in the 32-30 buying range in our letter of September 10th. The stock broke below its indicated support and reached a low of 25 1/2 in October. The subsequent rally carried it back to 37 3/4 in January. A distributional area was formed in the 37-35 area early this year that indicated a dip to 27-23. The May low was 24. Mondays close was 32 3/4. A sizable potential base pattern has been built up and a penetration of the 1947 high would indicate substantially higher levels. Buy during periods of technical correction.

General Cable was recommended for purchase in our letter of November 1st at 11. The range since that date has been 14 3/8 high and 8 low. The longer term pattern is excellent and the stock is an excellent lower priced trading medium. Hold commitments and purchase on dips. Mondays close was 11 5/8.

General Motors was recommended for purchase in the 53-50 buying range in our letter of September 10th. The low was 47 3/4 and the subsequent rally carried General Motors back to a high of 65 7/8 in January 1947. The May decline held at 51 7/8 and the stock appears to be in an uptrend. Mondays close was 60 3/4. Would add to holdings on reactions. A possible temporary top area has been built up in the 61-60 range indicating a chance of a dip to 57-56.

General Railway Signal was recommended for purchase in the 27-23 buying area in our letter of September 10th. The October low was 24 5/8. The stock rallied back to 31 1/2 in February, but declined sharply in May to reach a low of 19. The comeback since that time has been extremely rapid and has carried it back to the early year high of 31 1/2. Mondays close was 31. The issues appear to be building up a possible "head and shoulders" pattern and should be bought on weakness into the 30-27 area.

Gulf Oil was recommended for purchase at 60 in our letter of April 24th. Mondays close was 72 3/4. The stock has built up a large base area between 67 and 57 which has been penetrated upside. The intermediate term indication is 86 to 89. Buy during market setbacks.

The market declined in the last hour of Mondays session on fairly heavy volume. Last weeks high of 187.66 on the industrials was just a fraction above the July 14th high of 187.16, and the rail high of 51.92 was still below the February high of 53.65. This would be a logical spot to expect a technical correction of the 26 point advance from May. Would expect 181-177 to be a heavy support area. Intermediate term indications still point to the 196-201 area as the first important upside resistance. Would buy recommended issues during periods of technical correction.

EDMUND W. TABELL

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SHIELDS & COMPANY

Closing

Dow-Jones Industrials	185.30
Dow-Jones Rails	50.72
Dow-Jones 65 Stock	66.22

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.