

Technical Market Action

A number of issues in our recommended list have recently shown better technical action than the general market. Quite often the stocks that show the most strength during a general market sell-off, are the leaders when the advance is resumed. Believe the following issues should be watched carefully and purchased during periods of weakness.

Phelps Dodge earnings for the first six months of 1947 totalled \$4.66 a common share. At Mondays high of 43 1/4, the stock was less than a point below the 1947 high of 44 1/8 after being ex-dividend an 80¢ quarterly dividend last week. This issue has an excellent pattern and would use any further period of market irregularity to add to holdings. Has the most favorable technical pattern of all the major copper issues. Mondays close was 42 1/4.

Mullins Mfg. Has moved ahead rather nicely since it was recommended for purchase at 19 3/4 in our letter of August 11th. The stock last week, at 22 3/4, reached a new high for both 1946 and 1947. Believe Mullins should be bought on any further price irregularity. Mondays close was 21.

Fansteel Metallurgical, recommended at 15 5/8 in our letter of August 11th, moved up to 18 1/4 last week. Mondays close was 17 1/4. The stock is approximately in the middle of its 1947 range of 22 3/4 and 12 5/8. The issue appears to be building up an excellent technical pattern and purchase is advised on price dips.

The market sold off on Monday and the industrials penetrated the August 11th low of 178.22 to reach an intra-day low of 177.33. The rails, at an intra-day low of 48.04, held above the comparable August 11th low of 47.55. As noted in our last letter, failure of the market to follow through on the previous weeks strength was temporarily discouraging and indicated a possibility of a further downdrift to 177-175 if the August lows were penetrated on the downside. However, believe the present decline is merely a technical correction of the sharp 26 point advance from the May lows and that, at around present levels, the market is slowly building up a re-accumulating buying area in the 175-181 range. While there may be some further irregularity over the next few days, consider the above area a buying range prior to a testing of the 1947 highs.

EDMUND W. TABELL

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SHIELDS & COMPANY

Closing

Dow-Jones Industrials	177.57
Dow-Jones Rails	48.09
Dow-Jones 65 Stock Avg.	63.57

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.