

Technical Market Action

United Aircraft has been one of the better acting issues during the current unsettlement. The stock is one of the few aircraft issues that have succeeded in building up a good base pattern over the past year. Most aircraft issues reacted below their 1946 lows during the May decline but United Aircraft reached a low of 16 1/4 in late 1946 and held at 16 7/8 in May. A fairly substantial base pattern has been built up in the 17-21 range. An upside penetration would indicate an advance to the 27-30 area. The 1946 high was 37 3/8. The issue appears to be an interesting shorter term speculation during current, market irregularity. Thursdays close was 20 1/8.

Pepsi-Cola was recommended for purchase in our letter of May 19th at 26 1/4. We mentioned subsequently that the first resistance level was 34. The high was 34 1/8 and since that time it has built a minor distribution area that indicated a decline to the 29-30 area. At Thursdays low of 29 1/2 and closing price of 29 5/8, the stock had just about reached that level. Technical indications point to higher prices for Pepsi-Cola over the intermediate term and believe it should be purchased on current weakness

The market sold sharply lower on Thursday on slightly increased volume. The lows were reached in the noon hour but the market failed to rally substantially during the remainder of the days trading and the closing prices were just a fraction above the days lows. However, at the intra-day lows of 176.57 and 47.85, the averages held above last weeks low of 176.54 on the industrials and the August 11th low of 47.55 on the rails. Ability to hold above these points followed by an upside penetration of this weeks highs of 180.56 and 49.67 would indicate a reversal of the downtrnd. However, increased volume on the downside and inability of the market to rally in the final hours of Tuesdays session, could possibly indicate a dip to the lower part of the recently suggested 177-175 buying range before the market turns. In any event believe the market should be purchased during current weakness into the 177-175 area. Believe the reaction is a continuation of the correction of the 26 point advance from the May lows and that the intermediate uptrend should soon be resumed.

EDMUND W. TABELL

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SHIELDS & COMPANY

Closing

Dow-Jones Industrials	177.27
Dow-Jones Rails	48.18
Dow-Jones 65 Avg.	63.58