

Technical Market Action

There are sixty-eight issues in our recommended list. Most of these stocks were advised for purchase in the 170-160 area of the Dow-Jones industrial average, an area which, for over twelve months, we have considered as a longer term buying area. Others were advised at various times when their technical patterns appeared attractive. Of these sixty-eight issues, forty-one have given individual bull market signals. That is, they have penetrated their long trading range areas on the upside by bettering their previous highs and indicate longer term uptrends. Most of these issues have shown substantial price appreciation and we have been stressing these issues in recent bulletins and published a list of them in our letter of October 8th. However, it might be wise at this time to take a glance at the other twenty-seven issues in our recommended list. These issues have potentially favorable technical patterns. They have been in long trading ranges and, at their lows, had reached the long term downside indicators outlined by their early 1946 distributional patterns. In other words, they have the same potential patterns as the forty-one favorable issues only they have not proven themselves. They are listed below, together with their trading range of the past year and the upside penetration point and the last sale. It will be noted that a great many are very close to an upside confirmation while others are a considerable distance away.

	<u>Trading Range</u>	<u>Breakout</u>	<u>Last Sale</u>
Adams Express	18 - 14	19	17 7/8
American Cyanamid	55 - 40	56	46 7/8
American Power & Light	16 - 10	17	11 5/8
American Metal	32 - 24	33	29 3/4
American Water Works	18 - 12	19	17 1/2
Atlas Corporation	26 - 22	27	23
Chicago Northwest	26 - 15	27	17 3/4
Crane Company	40 - 27	41	36
Eastern Airlines	24 - 17	25	20 7/8
Electric Autolite	65 - 51	66	56 7/8
Electric Power & Light	19 - 12	20	18 3/4
Evans Products	25 - 16	26	22 1/2
Fansteel	22 - 11	23	16 7/8
General Cable	14 - 8	15	12 3/4
General Motors	65 - 48	66	59 3/4
General Railway Signal	32 - 19	33	27 1/4
Houdaille Hershey	18 - 13	19	18 1/8
Howe Sound	38 - 31	39	37
Illinois Central	30 - 19	31	28 1/8
International Mineral	33 - 23	34	33
Jones & Laughlin	39 - 28	40	35 1/4
Libbey-Owens-Ford	59 - 43	60	54 3/8
Murray Corporation	15 - 10	16	14
Revere Copper	24 - 14	25	20 1/2
Simmons Company	41 - 28	42	38 1/2
Standard Gas \$4 pfd	37 - 18	38	29 5/8
Worthington Pump	68 - 47	69	64

At the intra-day highs of the week, up to Friday, of 184.56 and 50.59, both averages were within shooting distance of the July highs of 187.66 and 51.92. Penetration of these two points would give a bull market signal. Obviously, we are now in an area of strong resistance to the advance and a considerable turn-over of stock may be needed to penetrate the resistance area which marked the top of the market both in February and July. So far, the action has been favorable and offerings have been taken with only small dips. Considering the fact that the majority of the issues in our recommended list have already penetrated their resistance to indicate longer term uptrends, we believe the odds favor similar action by the rest of the list and the general averages.

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SHIELDS & COMPANY

Closings

Dow-Jones Industrials	183.52
Dow-Jones Rails	50.20
Dow-Jones 65-Stock	65.61

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.