

## Technical Market Action

The market sold off sharply on Friday after the overnight announcement of the calling of a special session of Congress in November. The industrial average lost \$1.97 to close at 182.53 and the rails were off \$1.07 at 49.46. The intra-day lows were 181.55 and 49.46. Volume was 1,650,000 shares.

Believe the decline is correctionary in nature. As mentioned in our letter of October 15th, some upside resistance was to be expected at around 185 but would not expect any decline to reach 181-180. Friday's low was 181.55. Some further irregularity may be met on Saturday after the President's speech, but would expect strong resistance above the September highs of 180-179. Would use further weakness to add to holdings.

A number of issues, during the strength of the past week, reached their near term hesitation points mentioned in our letter of October 8th. For example, International Paper at its high of 59 3/8 reached the anticipated 59-61 level and Youngstown Sheet & Tube at the high of 83 reached the 80-83 level. Texas Pacific Coal & Oil has shown exceptional strength and has pushed above the anticipated 38-40 level. It closed at a new high of 42 3/8 in Friday's weak market.

Continue to expect, after some possible further irregularity, an attempt to penetrate the July highs in both averages. Would expect the carry-through to reach the 190-194 level in the industrial averages. Would use current weakness to purchase recommended issues in the industrial list.

From a percentage point of view, the rails could show greater appreciation over the near term than the industrials. Would not be surprised if the rail average would penetrate the July highs before the industrials. In addition to the four rails previously mentioned, would add Alleghany Corporation, pfd. to the list. Friday's close was 41 1/2. The stock recently penetrated the 35-39 trading area to reach 43 3/4. The February high was 44. Penetration to 45 would indicate the possibility of a quick runup to 54-56. There should be strong downside support at 40-39.

EDMUND W. TABELL

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SHIELDS & COMPANY

### Closings

Dow-Jones Industrials	182.53
Dow-Jones Rails	49.46
Dow-Jones 65-Stock	65.05