

Technical Market Action

Thursdays Market drifted slowly back to the 180-179 level. At the intra-day low of 179.60, the industrials were below the 179.95 low of October 30, and thus confirmed the downtrend in the rail average. The industrial average has built up only a small distributional top at the October highs and this is also true of the majority of individual issues. Also, the 179-175 zone is an area of heavy support. The technical pattern seems to indicate a further period of irregularity with the possibility of a slow downdrift into the 179-177 range. The rail average, which reached an intra-day low of 46.49 on Thursday, should meet support around 45 1/2-45.

During this period, would add to holdings of recommended issues during periods of softness. A number of such issues are noted below.

Youngstown Sheet & Tube was originally recommended for purchase in the 62-60 buying zone. The stock recently broke out of its long accumulation range in the 72-54 area and reached a high of 83. Our last analysis suggested that 80-83 area would be a temporary hesitation point. A small top pattern has been built up in the 80-83 area that suggests a dip to 77-75. Also the 73 top of the base area should also furnish excellent support. Thursdays low was 76 7/8. The long term pattern on Youngstown is excellent. Earnings for the first nine months of the year totaled \$11.61. Believe the issue in a buying range in the 77-73 area.

Shamrock Oil & Gas was recommended for purchase at 24 in June. For a time, the stock did little marketwise. In the past few days, however, the stock has moved against the market. A new high of 29 1/8 was reached on Wednesday and Thursdays close was 29. The stock has an attractive technical pattern with an ultimate objective above 40. Would add to holdings on any sell-off.

Sharon Steel was originally added to our list at 31. The stock recently broke out of a long accumulation area and reached a high of 40 5/8. Thursdays close was 35 1/2. The stock is a volatile performer, but its technical pattern is extremely favorable. Earnings for the first nine months of 1947 totaled \$7.71. Believe the stock attractive on any extension of the present dip.

Other issues that appear attractive technically on further dips, include Celotex, Chrysler, Doehler Jarvis, Wheeling Steel, Worthington Pump, Cities Service, Pepsi-Cola, Allegheny, Pfc. and Ohio Oil.

EDMUND W. TABELL

November 13, 1947

SHIELDS & COMPANY

Dow Jones Closing:	
Industrials	180.00
Rails	46.56
65-Stock	63.36

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.