

## Technical Market Action

Last week Standard & Poor's issued their first preliminary estimate of 1948 earnings on a number of rails. The estimates for the rail issues in our recommended list are given below -

	Last Sale	Net Per Common Share	
		E-1948	1947
Atchison, Topeka & Santa Fe	89 1/2	\$21.00	\$17.11
Chicago & North Western	15 1/4	3.85	0.50
Denver & Rio Grande Western	17 1/2	9.50	7.05
Gulf, Mobile & Ohio	15 3/4	3.50	2.66
Illinois Central (Syst)	28 5/8	14.50	10.25
Kansas City Southern	24 5/8	11.00	9.75
Northern Pacific	18 1/2	6.50	5.40
St. Louis-San Francisco (Syst)	9 1/4	3.75	2.25
Seaboard Air Line	15	4.00	2.96
Southern Pacific (Syst)	47 1/4	11.50	8.86
Union Pacific	158	28.00	22.70

There are no estimates given on Alleghany Corporation, preferred and common, which are also in our recommended list. The rails continue their better than average action. Believe they will be the leaders on any extension of the rise.

A number of other issues in our recommended list are also showing better than market action. Included in this grouping are Arkansas Natural Gas A, Columbia Gas, Electric Power & Light and Shamrock Oil & Gas in the natural gas group, Dome Mines in the gold group and Consolidated Vultee, Sperry Corporation and United Aircraft in the aviation group. Westinghouse Electric seems to be meeting support and Radio Corporation also appears to be under accumulation.

Tuesday's market continued the decline of the previous day and the industrial average closed 95 cents lower at 166.76 and the rails were down 48 cents at 49.00. Most of the decline occurred in the first hour and prices were relatively firm for the balance of the day. Pessimism and gloom are once more rife in the Street but considering the nature of the news and the dire forecasts by radio commentators, the market is not acting badly. Volume continues small and declines are due to lack of buying interest rather than selling pressure. At Tuesday's lows of 166.04 and 48.78, both averages were above the February 11th lows of 164.07 and 47.48. Thus, stocks are still holding in their narrow range of the past month. Last week the rails were able to penetrate their February 17th high of 49.37 to 50.37, but the industrials met resistance at the equivalent high of 169.23 and were able to penetrate it only by pennies to reach 169.28. Until 169.28 and 50.37 are both decisively penetrated on the upside or until 164.07 and 47.48 are both decisively penetrated on the downside, see no indication of an important move.

I continue to believe that the long trading range of the last eighteen months is an area of accumulation with stocks passing from weaker into stronger hands. This is regardless of the near term action of the market. As I predicted in my beginning of the year forecast, I believe the lows for the year will be made in the first four months. We may already have seen them. In the meantime, advise forgetting about the meaningless near term fluctuations of the market and concentrate on acquiring individual issues when they are available at favorable price levels.

EDMUND W. TABELL

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SHIELDS & COMPANY

### Closings

Dow-Jones Industrials	166.76
Dow-Jones Rails	49.00
Dow-Jones 65-Stock	60.45