

## Technical Market Action

While the broad pattern of the market suggests that the trading range of the past eighteen months is a slow patience-trying accumulating phase, not all individual issues have the same technical formations. I have constantly drawn attention to the diverse patterns not only between groups but also in stocks in the same group. Recently, I mentioned the relatively more favorable technical pattern of Westinghouse Electric as compared with General Electric. I would also like to draw your attention to the difference in the technical patterns of Consolidated Edison and Columbia Gas & Electric.

While both companies are in the general public utility classification, they are in quite different divisions of the public utility field. Consolidated Edison is both an operating and holding company which, together with subsidiaries, supplies gas, electricity and steam in New York City and Westchester County. Columbia Gas is a holding company, heading a system consisting of nineteen operating companies in Kentucky, Maryland, New York, Ohio, Pennsylvania, Virginia and West Virginia. These operating companies are engaged primarily in producing, purchasing, transporting and selling gas.

Consolidated Edison has a very negative technical pattern. The downside indications of the broad distributional top between 36 and 32 indicated a decline to 24 followed by 17. The stock declined to 24 3/4 in October 1946 and held that level until a year later in October 1947 when it started a decline down to a low of 21. The stock is still holding around that level. At the moment, before any worthwhile upside move is indicated, it would seem that a base pattern would need to be built up in trading range around these or slightly lower levels. There is a heavy supply of stock in the 25-27 area that will act as strong resistance to any upside move.

Columbia Gas, on the other hand, has a potentially strong technical pattern. It made its low of 8 1/2 in the first break in October 1946. When the averages broke to the same low level in May, 1947, Columbia Gas held at 10. At the recent February lows, Columbia Gas held at 10 1/4. The issue seems to be meeting increasing support on every general market dip. The base built up at the 9-10 area indicates a long term potential of 20.

Consolidated Edison earned \$1.90 a share in 1947 and paid \$1.60 in dividends to yield approximately 7.6% at the closing level of 21 1/8. Columbia Gas earned \$1.36 in 1947 and paid 60 cents in regular dividends plus 15 cents extra to yield 6.8% at the closing price of 10 7/8.

On the basis of the technical patterns of both issues, Columbia Gas appears to offer better appreciation possibilities than Consolidated Edison. (21 1/8)

The market continues to hold in the narrow trading range of the past month. However, volume indications in the past two days have been slightly more favorable. No worthwhile move indicated until 169.28 and 50.37 are both decisively penetrated on the upside or until 164.07 and 47.48 are both penetrated on the downside. Regardless of minor nearterm fluctuations, believe the market is in the final stages of a long accumulation area.

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