

Technical Market Action

On transactions of 3,840,000 shares, the heaviest volume since the fall of France in May 1940, the Dow-Jones industrial average rallied \$3.78 on Friday and definitely penetrated both the intra-day high and closing high of July 1947. The July 1947 figures were 187.66 and 186.85. The intra-day high on Friday was 188.93 and the close was 188.60. The penetration of the July highs by the industrial average confirms a prior confirmation by the rail average and indicates, under the Dow Theory, that we have been in a bull market since May of 1947.

Going back over the past fifty years, we have had thirteen bull markets. This present market makes the fourteenth. The average price advance from confirmation to bull market peak was 69%. This, in the case of the present market, would mean a price of over 300 in the industrial average. The smallest rise in the fifty year period was 9 1/2% in the short lived 1939 bull market. That would be about 205 in terms of the present market. The largest advance was about 300% in the 1923-1929 market. That would mean about 745 in terms of the present market.

My ultimate objective for the present market is 250-260, an objective mentioned several times in this letter in the last few months. Obviously, this objective will be interrupted by numerous technical corrections. Would expect the present advancing phase to carry to 195-200 to be followed by technical correction.

It is quite gratifying, after reiterating time after time for twenty months that I believed the 160-170 area to be a long term buying range, to have my prediction work out. Now that the bull market is confirmed, I will have to admit I was a little scared several times when the averages dipped down near the lows. However, the technical patterns proved correct and I am glad we had the courage to believe them instead of following the general mass fear psychosis.

EDMUND W. TABELL

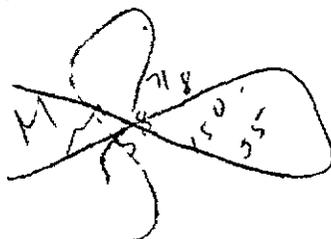
May 14, 1948

SHIELDS & COMPANY

<u>Closings</u>	
Dow-Jones Industrials	188.60
Dow-Jones Rails	62.25
Dow-Jones 65-Stock	70.29

Errata: - In the letter of May 13th, the 1947 earnings of Minneapolis Honeywell were stated as \$11.21. The correct earnings were \$5.10. Also, the last two columns on U.S.Plywood should be reversed.

EWT



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.