

Technical Market Action

The steel group average has reached new high territory for the last twenty months and has confirmed a bull market in its group. Some individual issues in the group, however, have as yet failed to penetrate the 1947 highs as shown in the following tabulation of the ten leading steel companies.

	<u>High</u> <u>1947</u>	<u>High</u> <u>1948</u>	<u>Last</u> <u>Sale</u>
Armco Steel	32 *	32 3/8	31 3/8
Bethlehem Steel	35 1/8	37 1/8	36 3/8
Inland Steel	42	45 1/4	43 3/4
Jones & Laughlin	39	37 5/8	36 1/8
National Steel	95	99 1/4	98
Republic Steel	30 7/8	30 3/8	29 5/8
Sharon Steel	40 3/8	39 1/2	39 1/8
U. S. Steel	80	81	79 1/4
Wheeling Steel	53 1/8	50 7/8	50 1/2
Youngstown Sheet	83	82 3/8	79 3/4

* Adjusted for 20% stock dividend.

It will be noted that the two most conservative issues in the group, Inland Steel and National Steel, have shown the best market action. It is also interesting to note that some of the more speculative issues not included in the above tabulation, such as Granite City Steel and Lukens Steel, have also shown better than average action.

Believe the steel group will become more active in the comparatively near future and move ahead while other groups are temporarily resting. There are a number of steels in my recommended list. In the better grade group, I like Youngstown Sheet & Tube (originally recommended at the 62-60 level). In the medium grade group, Sharon Steel (originally recommended at 31) and Wheeling Steel (originally recommended at 43 1/2) are in my list. As an outright speculation, Eastern Stainless Steel (originally recommended at 17 3/4) appears to offer possibilities. It closed at 19 5/8 on Monday. The 1947 high was 51.

After reaching an intra-day high of 192.31 on the industrial average last Thursday, the market failed to carry through to our expected 195-200 area and reacted back to 189.49. Another attempt to rally on Tuesday met resistance at 192.00 and the market backed off in the final hour to close at 191.18. The rails also seem to hit resistance at 62 in the rail average. The market appears a bit tired and may have to back down a little before pushing through into new territory. The 187-185 area should furnish excellent support on any technical correction. A dip at this point, if it occurs, might raise the next upside indication to the 205-210 level rather than 195-200. The important thing to remember is that the main trend is up and technical corrections should be welcomed as an opportunity to add to holdings. Believe there are too many people waiting for a reaction to buy stock. Under such circumstances, any decline should be expected to be of only minor proportions.

EDMUND W. TABELL

SHIELDS & COMPANY

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Closings

Dow-Jones Industrials	191.18
Dow-Jones Rails	60.88
Dow-Jones 65-Stock	70.48