

Technical Market Action

The rails have turned stronger but, as yet, have failed to penetrate the May intra-day high of 63.07 and the May closing high of 62.27. Recent strength carried to a high of 61.91 on Thursday and 61.54 on Friday.

The rail average, for the last twenty-seven trading days, has been in a relatively narrow trading range bounded by a high of 63.07 and a low of 59.10. The strength of the last two days has brought some of the relatively laggard issues into the picture.

One such issue is Chicago, Milwaukee, St. Paul & Pacific pfd. which was recently recommended at $32 \frac{7}{8}$. The stock turned active on Friday and reached a high of $35 \frac{3}{4}$ and closed at $35 \frac{3}{8}$.

Western Pacific, another laggard issue in our recommended list, turned a bit more active and reached $34 \frac{1}{2}$.

Would like to see the May highs in the rail average penetrated shortly. In that event, would expect the secondary rails to attempt to catch up some lost ground.

The industrial average continues to hold around the highs with individual issues showing diverse action. As yet, regardless of the lack of upside progress, no distributional tops of importance have been built up. Until that occurs, there seems to be no indication of other than minor corrections. I still am of the opinion that any worthwhile correction will come from a somewhat higher level.

Individual issues in our recommended list continue to show excellent market action. Radio Corp. of America, which this letter has been consistently recommending in the 8-9 range, reached a high of 15 on Friday. From the February low of $7 \frac{7}{8}$, this issue has shown almost 100% appreciation. The ultimate objective is above 20. The advance has been rapid however, and some consolidation may be needed.

Zenith Radio, which was recommended at $24 \frac{3}{8}$ in our letter of May 10th, has been acting nicely and reached a high of $30 \frac{5}{8}$. The issue still looks attractive technically with first resistance levels at 35-37.

Copperweld Steel, recommended on the same date at $15 \frac{5}{8}$, reached a new high at $20 \frac{3}{8}$ on Friday. The technical pattern continues to look attractive.

For new purchases, there are two issues that appear to have relatively attractive patterns. One is a better grade issue and the other a speculative situation.

The first issue is Commercial Solvents. The stock recently sold as high as $29 \frac{3}{8}$ and, at Friday's close of 27, seems to have had sufficient correction. The 1946 high was $32 \frac{1}{4}$. Since the September 1946 break, the stock has built up a good base pattern in the 19-26 range. This area was recently penetrated on the upside. Purchase is advised.

The other issue is Raytheon Manufacturing, listed on the New York Curb. Friday's close was $9 \frac{1}{4}$. The stock is speculative as witness the 1946-1948 price range of 30 high and $5 \frac{5}{8}$ low. The high since the September 1946 break was $13 \frac{1}{2}$. Raytheon has built up a potential base pattern between 6 and 10. Purchase is advised on a speculative basis.

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SHIELDS & COMPANY

Closings

Dow-Jones Industrials	191.65
Dow-Jones Rails	61.27
Dow-Jones 65-Stock	70.75