

## Technical Market Action

There is little new to be said about the market. The news from the Berlin zone continues to be the main motivating influence behind prices rather than internal conditions of the market itself. Technical indications gave no warning of last week's sell-off. The market appeared strong technically at last Tuesday's close. The ensuing decline was caused by news happenings rather than a weakened technical condition. In a market that declines because of fear of impending happenings, the reversal can be quite sudden when the expected fails to happen or the news changes suddenly.

In the present state of fear hysteria, anything can happen temporarily. However, the market has not built up a distributional area that usually precedes a sharp decline in the market. A penetration of the August lows, while it might bring in some stop loss selling, would not be of long term significance. It would simply indicate a continuation of the secondary downtrend to a full two-thirds of correction of the 30-point advance of February to June. It might bring the averages down to 175.

What will happen in the next two weeks depends largely on news developments. With many investors and speculators on the side-lines, it takes very little buying or selling by a jittery public to cause sharp advances and declines. The technical indicator that signalled the bottom of the declines of July 19th, July 30th and August 11th, gave an oversold signal on the close Friday, but the market failed to follow through. Sometimes a day or two delay occurs before the market turns.

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SHIELDS & COMPANY

### Closings

Dow-Jones Industrials	179.38
Dow-Jones Rails	59.72
Dow-Jones 65-Stock	67.28