

Technical Market Action

At Thursday's low of 187.29, the industrial average had declined \$3.29 from the recent high of 190.88. Considering the rise of more than fifteen points from the September 28th low of 175.84, the correction has been very moderate. It is possible that it may carry a bit lower to 185 which would be a one-third correction of the month old advance. However, I am more inclined to favor the 187-186 area as the correction objective. This area is approximately the top of the broad July-September trading range and should furnish strong support. In other words, the market at Thursday's lows was very close to what should be a logical rallying point.

Of course, the area between 188 and 194 is not going to be an easy one to penetrate. In May-July, the industrial average held in this area with a heavy volume turnover of over 70 million shares. Obviously, it may take some time and certainly increasing volume before this stock is absorbed. However, it is significant that quite a few market leaders have been able to penetrate the year's highs. Bethlehem Steel, General Motors, U.S. Steel, Dow Chemical, Youngstown Sheet & Tube are all in this category. Believe this selective type of action will continue. Consider the steels and motors as the most attractive groups. The rails have been laggard but could easily swing into the picture. I believe the market, subject to some very minor weakness, is at a buying point for another assault at the 190-194 resistance area.

The following issues, among others, are showing better than average technical action.

Alleghany Corp.Pfd., Colorado Fuel, Consolidated R.R. of Cuba, Pfd., Copperweld Steel, Cooper Bessemer, Central R. R. of N.J., Electric Power & Light, Jones & Laughlin, Penn-Dixie Cement, Republic Steel, Sharon Steel, A.O. Smith, Seaboard Air Line, Standard Gas \$4 pfd., U.S. Pipe, U.S. Steel, Wheeling Steel and Youngstown Sheet & Tube.

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SHIELDS & COMPANY

Closings

Dow-Jones Industrials	187.73
Dow-Jones Rails	61.23
Dow-Jones 65-Stock	69.76