

Technical Market Action

The market was reactionary on Monday and sold off from the highs of last week. The recovery from the November 10th low of 172.13 has been comparatively moderate and, at last week's high of 177.96, had recovered under one-third of the eighteen point drop from the pre-election high. Barring some development from Washington would expect the market to remain in a narrow range until the picture becomes clearer. Would concentrate on the action of individual issues rather than the averages.

Tax selling and tax switching will undoubtedly cause diverse movements in individual issues. Stocks that are selling near the lows of the year are obvious targets for tax selling. When the tax selling pressure is relaxed some of these issues could rebound quite sharply. However, just because an issue is selling near its low is not sufficient reason for purchase. Even if the low has actually been reached, more often than not, a long accumulation period in a narrow range is needed before any worthwhile price advance. The ideal situation, of course, is where the downside indication has been reached and the stock has already gone through a long protracted period of backing and filling in a narrow price range. Some of the issues in the airline group meet this requirement. This group has declined sharply from the 1945-1946 highs and seems pretty thoroughly sold out.

The two issues in the group with the most favorable patterns are American Airlines and Eastern Airlines. The table below shows the price range of recent years.

	<u>Last Sale</u>	<u>1945-1946 High</u>	<u>1948 Range</u>
American Airlines	6 5/8	18 7/8	10 - 6 1/8
Eastern Airlines	14 5/8	33 1/2	20 5/8 - 13 7/8

Believe advantage should be taken of any price weakness, due to tax selling, to purchase these issues for substantial long term appreciation.

EDMUND W. TABELL

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SHIELDS & COMPANY

Closings

Dow-Jones Industrials	176.33
Dow-Jones Rails	54.48
Dow-Jones 65-Stock	64.67