SHAPE Main, December 31 — During the past week on the western front the enemy did not succeed in staging any large operation and suffered some reverses but has not yet deterred from his purpose. Sixth SS Panzer Army finally withdrew the two shaken divisions of its first Corps, but only at the cost of severe losses in men and tanks; their former sector from Stavelot to Malmedy was consigned to infantry, which in spite of some pretense at continuing the attack, was seen to be covertly engaged in digging in. The second Corps meantime moved up into the line further West, where several preliminary attacks, intended to gain a suitable start line for a new push, were beaten back. When 12 SS Panzer Division also appeared again, in the same sector, attack seemed imminent; but trouble was developing in the rear.

Fifth Panzer Army, as time passed and Allied Forces gathered, and as ground and air combined to aggravate supply problems, had finally decided to push on on its own towards the Meuse, though with what intention is still not very clear. 2 Panzer Division, its crack formation, advanced its spearheads very nearly to the river, while Panzer Lehr followed more slowly, screening to the South and Southwest. This led to some sharp encounters with Allied forces and finally 2 Panzer Division was forced to withdraw in something like panic, losing much of its equipment (out of gasoline) and a regiment of infantry. 116 Panzer and 560 Volksgrenadier, which remained in readiness on the line facing North also suffered some setbacks when the Allies made contact, and considerable elements were pocketed.

Meantime, the Allied garrison in Bastogne had not been taken seriously enough; the forces sent to reduce it proved inadequate, and relieving Allied
forces penetrated into the town. In spite of the subsequent diversion of reinforce-ments, on a mounting scale, the enemy found himself on the defenseive. He showed himself, however, prepared for a major effort, and is now again attacking on both sides of the Allied neck in an attempt to re-encircle the town.

7th German Army on the Southern flank, reverted definitely to the defensive, and withdrew at many points from its former gains.

Other sectors of the front were relatively quiet. Forward of Cologne and on the lower Maas bridging activity was seen, vehicle noises were heard, and a variety of other preparations suggested possible attacks; none, however, developed. In the Colmar pocket a small but determined aggressive action, which had been kept up for some time in support of the big offensive, showed signs of abating.

Nineteenth Army had another quiet week; activity was more or less limited to the sensitive area just to the Northwest of Colmar where the ground continually changed hands. Several crossings of the river into the Allied lines were made by patrols in rubber boats, both North and South of Strasbourg, but none met with any success.

First Army's front was the scene of continual small-scale activity. Patrol clashes, small counter attacks and even some air strafing were mounted against the Allies without any appreciable effect. However, at the end of the week they did withdraw voluntarily and not under pressure, down to and in some places back across the frontier.

Seventh Army, on the southern flank of the break-through, did not have a successful week. The Allied drive up towards the river Sauer made consistent progress and the Volksgrenadiers were forced back over the river in several places. Echternach fell on 28 December and Ettelbrueck was cleared by the Allies on 27 December. Bastogne held out despite the best efforts of the besiegers; in fact the garrison destroyed large numbers of German tanks and continually
expanded its perimeter. The force of German divisions round the town was strengthened on 24 December by the arrival of 15 Panzer Grenadier Division but despite this important increase, firm contact was established by the Allied forces advancing from the South on 26 December, forming a salient which constituted a serious thorn in the side of Fifth Panzer Army. The salient was widened and the line to the East crept up Northwards despite the further arrival on 28 December of 9 Volksgrenadier Division, completing its journey from Denmark on bicycles. To the west of the salient the Allies formed a stable line as far as Moircy; beyond that, no formal line was established by either side, but Panzer Lehr Division did actually extend its patrols out beyond St. Hubert, its most westerly point last week, and ended by linking up with 2 Panzer division southwest of Rochefort. Until last week the furthest penetration by the Northern troops was Marche. However, on 24 December, 2 Panzer Division pushed out and cut the Dinant-Ciney road; but this adventure was short lived for the Allies quickly forced them in again. The German forces out at this distance from the main body had a tendency to run out of petrol and ammunition which did not help in the consolidation of their gains. At Celles, for instance, one of 2 Panzer Division’s most westerly outposts, thirteen self-propelled guns and many prisoners fell into Allied hands for this reason. By 28 December the division had taken such a knock that it had to withdraw as best it could South-eastward towards Rochefort: - for the first time the German salient out towards St. Vith, which in the previous week had proved such a stumbling block to Sixth Panzer Army’s progress, was subjected to great pressure and with the help of II SS Panzer Corps was inevitably squeezed back, so that by 25 December the stabilised line was prolonged from Stavelot down to Marche and Rochefort. Operations along this line throughout the first part of the week consisted of attempts to marshal the eight armoured divisions of Fifth and Sixth Panzer Armies into line
to carry out, in modified form, the push down into the Meuse valley. However, Allied air superiority together with the heavy punishment inflicted on many divisions by the Allied ground troops continually delayed their forming up and the offensive was not refloated. 1 SS Panzer Division at La Gleize, for instance, had suffered prohibitive losses, and 12 SS Panzer had had further sizeable elements surrounded in an attack on Brisol on 28 December.

The "corner" of the line, at Bullange, was subjected to occasional attacks during the week but no very heavy actions developed. Further north the Allies forced the defenders over the Roer, south of Duren.

The last week has seen the enemy steadily losing the initiative on the battle area and at the time of writing, he has lost it, but is stirring to regain it in the Bastogne sector, where it is vital for him to prevent the Allies pushing further north. He is faced with increasing difficulties each day and must realise that to gain further ground a major assault against the stiffest resistance must be expected. The enemy no longer possesses surprise in the battle area and time is not on his side. His rail and road communications grow more difficult daily. He is therefore faced with serious problems, the greatest of which are (a) where and when to mount his next assault with the divisions of 6 SS Panzer Army and (b) whether he will have to become defensive along the whole front or even withdraw Eastwards in order to avoid the bulge becoming a pocket. He is capable of further offensive action and is likely to continue strenuously to retake Bastogne, which is the real key to a general resumption of his offensive. His next move after that has failed will depend largely on Allied action. One of his major difficulties has been the failure of his infantry to get going and the fact that he has been unable to get them onto the ground to relieve the panzer formations of 5 Panzer Army for further offensive action. The result has been a gradual contraction of
his center in order to ensure that it is firm.

Meanwhile, elsewhere on the front there are signs of preparations for attack, though it is exceedingly difficult to discern how much may be spoof. In the north 1 Parachute Army appears to be making preparations to act offensively; possibly in conjunction with the hoped for success of a breakthrough towards Liege or possibly merely to contain forces. In the Roer river sector and down to the hinge in the line, containing attacks have been made and are likely to continue. These are various small indications, in themselves perhaps inoffensive, but which in total show that the enemy is building up forces behind the Upper Rhine. There is no indication of what the size of the force is nor of its identification, but the continuous reporting of Himmler being in that area and the fact that Lorraine, in German eyes, is German soil are sufficiently good pointers as to what might happen.

The German Western offensive is an all out show. There is no doubt about that. There is also no doubt that his major plan has been frustrated. It would, however, be madness to suggest at this stage that he is proposing to abandon it. He is capable of and will put in further attacks in the battle area and on other sectors. As to the timing of such attacks there is little indication, but there is a possibility that the Germans would mount attacks in the Northern and Southern sectors of our line in order to disperse our reserves. It will be well worth watching for such signs.