

The Point and Figure exercise for my course tonight is:

You have been asked to give a recommendation on this security. Analyse the chart using Point and Figure tools:

- 1) Patterns
- 2) Targets
- 3) Trends

Highlight any significant points and give your recommendation

The chart for this question is attached.

Solution:

See second chart:

Observations and things to note:

- Main 45 deg Uptrend line drawn from 2003 low is still intact
- After making a top in early 2007, the price fell back to touch the 45 degree, thus re-inforcing its strength and importance
- The price has bounced off the uptrend a few times and formed an upside triangle
- Looking at past targets, the 92 upside target was hit
- Then 130 upside target was established but NOT activated which signals weakness
- Downside target of 70 was not quite reached but can be considered fulfilled
- There are no more downside targets
- A new upside target of 90 { $(6 \times 1 \times 3) + 72$ } has been established and just activated with a triple top breakout from the upside triangle
- A longer term horizontal target from the large basing patterns between 2002 and 2006 yields an upside target of 137

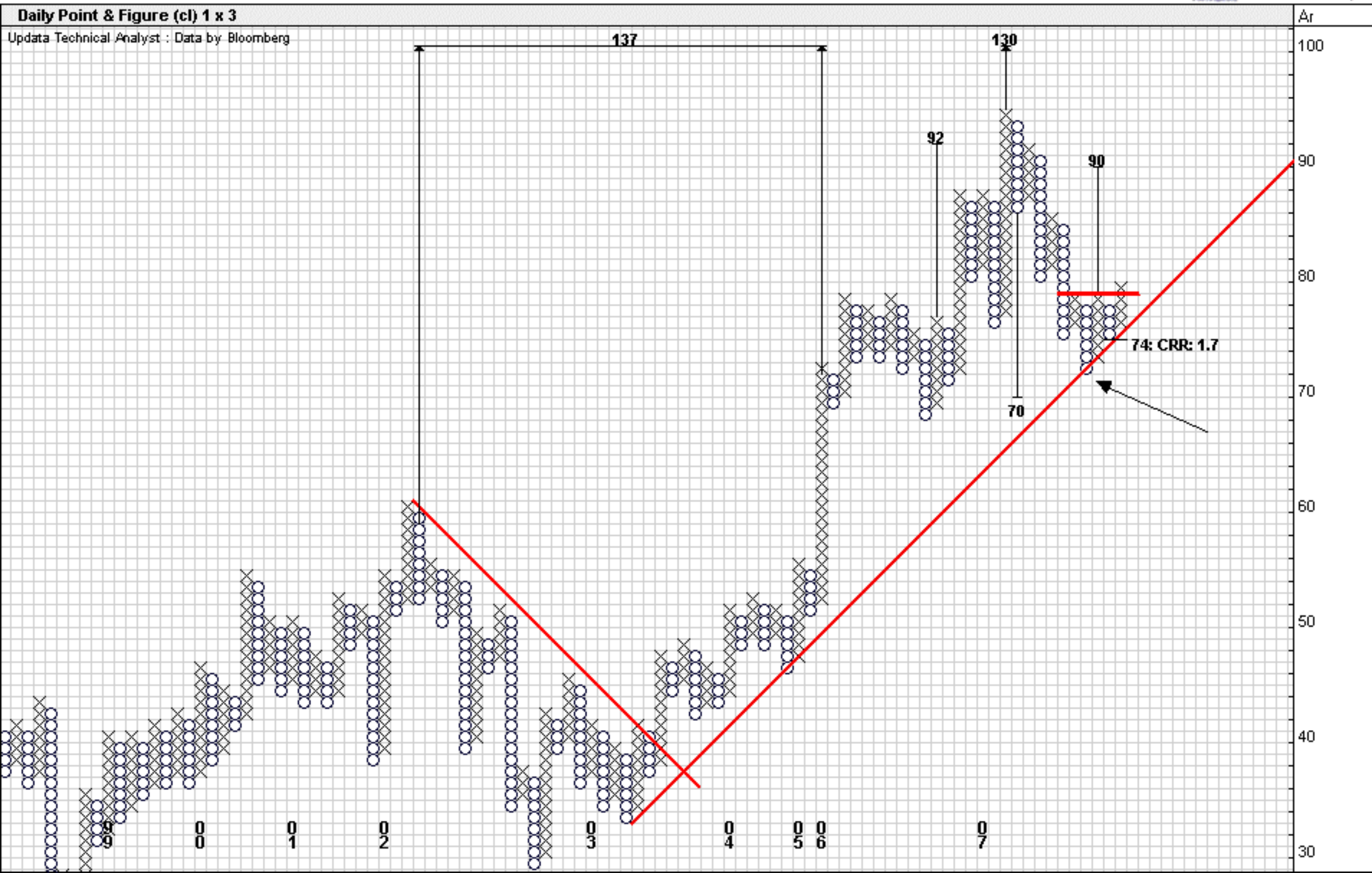
Recommendation:

Buy with a stop at 74. The target is 90 yielding a marginal risk reward ratio of 2.2 $(90-79)/(79-74)$

There is further upside potential to 137, but only a break above the high of 94 will confirm this.

Daily Point & Figure (cl) 1 x 3

Update Technical Analyst : Data by Bloomberg



Ar

100

90

80

70

60

50

40

30

137

130

92

90

74: CRR: 1.7

70

0

1

2

3

4

5

6

7