

Technical Perspectives on Analyst's Rating Changes

GM case study
06-26-2008

GM – The TPARC report for October 3, 2007 called attention to the "limited upside potential" in GM's stock. This proved to be prophetic. The analyst's upgrade of his investment opinion on the stock proved to be unwise. The stock has dropped from over \$37 per share to under \$12 per share today, in less than a year's time. There are no signs of a reversal in the downtrend. It is sad that the current bear market has reduced such a proud industrial giant to a mere shadow of its former self, but that is the way the market works. There is massive overhead resistance and there are no signs of a reversal in the downtrend at the present time. This is yet another glaring example of the dangers of bargain hunting in the stock market. If anyone doubts it, let them believe that creative destruction actually works!

W. Clay Allen CFA

