

Technical Perspectives on Analyst's Rating Changes

MNC – case study
06-21-2008

MNC – By the time the analyst upgraded MNC to a buy it was completely locked into a "persistent long-term downtrend" as noted on the TPARC report for 11-14-2005. That downtrend has persisted up until the present time and the stock has dropped from almost \$14 per share to under \$4 per share. It remained below the 45-degree Bearish Resistance Line throughout the duration of the decline. It is the persistence of a long-term downtrend that results in such a major decline. It is remarkable that many investors had to ignore this persistent downtrend because they were willing to buy this stock all the way down, in spite of the trend.

W. Clay Allen CFA

