

Technical Perspectives on Analyst's Rating Changes

PTRY case study
06-21-2008

PTRY – The TPARC report for 06-21-2006 called attention to the major top that had formed on PTRY and the textbox contained the comment that the stock was "turning down." There was no hint of just how bad the decline would get, only that a top had formed and that it was turning down. That should have been enough to generate a sell decision in the face of the analyst's upgrade to "overweight" from "neutral." This is an example of the dangers of bargain hunting. The analyst upgraded the stock after a minor decline in price without regard for the fact that the trend of performance had turned down. This stock dropped from over \$50 per share to under \$10 and it remained below the 45-degree Bearish Resistance Line the whole time. This turned out to be a disastrous recommendation for a long-term investor.

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