

Technical Perspectives on Analyst's Rating Changes

SHRP – case study

02-21-2008

SHRP – When the TPARC covering SHRP was prepared in November of 2005; the stock was already locked into a persistent downtrend that showed no signs of a reversal or any ability to resist the downtrend. That downtrend has continued unabated with only minor rallies and it has remained below the 45-degree Bearish Resistance Line since the TPARC report was prepared. The company filed for Chapter 11 bankruptcy yesterday and the stock dropped to only 41 cents per share. It moved randomly, but persistently lower, for almost 2 and a half years before the bankruptcy. The persistence of that downtrend created its own prediction that something was going very wrong with the company. This downtrend does not appear to be the result of a corporate fraud, just a business model that failed.

W. Clay Allen CFA

