

Technical Perspectives on Analyst's Rating Changes

UCBH – case study

06-21-2008

UCBH – The tone of the TPARC report's comments on 8-18-2005 about UCBH were uncharacteristically ambiguous in that it called attention to "the initial signs of a base" but that it remained below the 45-degree Bearish Resistance Line. The subsequent performance by the stock removed that ambiguity when the base failed and the downtrend resumed. The base proved to be a "ledge" and the subsequent decline was dramatic. It seems clear that the resistance proved to be very strong and the attempt to hold by UCBH was not going to hold up. This stock dropped from over \$17 per share to under \$3 per share and it remained below the 45-degree resistance line the whole time. This case study emphasizes the importance of paying attention to the 45-degree Bearish Resistance Line when a stock falls into a downtrend.

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