

Technical Perspectives on Analyst's Rating Changes

The collapse of New Century Financial

NEW case study

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NEW is collapsing today and is now trading at less than \$7. This downtrend has been underway for well over a year. The comment about the downtrend from the TPARC report for 09-26-2005 proved to be prophetic. The stock did recover somewhat from the lows recorded at the time of the TPARC report but it consistently remained below the 45-degree bearish resistance line and subsequently started down again. This is a primary example of the effectiveness of the use of relative performance charting in a point and figure format to identify problem stocks. Investors using relative performance charts could have avoided a major investment disaster. This case study also points out the dangers in "bottom fishing."

W. Clay Allen CFA

