

Charting - Back 2 Basics

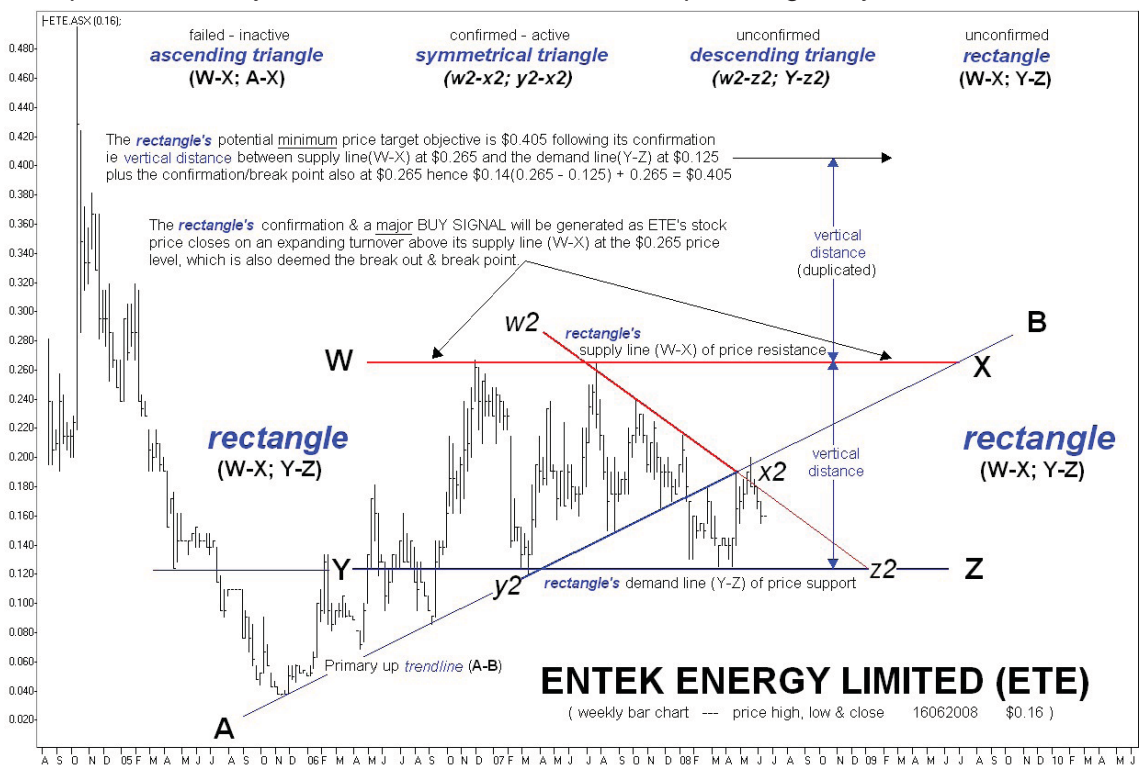
Monday 16th June, 2008

"Taking a visual snapshot of historical price action from which to project the probability of future price activity."

As with any seasoned purveyor of the marketplace this chartist/technical analyst is constantly on guard for ever changing circumstances. A case in point is when we last reviewed Entek Energy Limited (Entek) - refer [hyper link](#), we observed the dominant and building form of a potentially bullish **ascending triangle** (W-X; A-X) sitting atop its by then well tested primary **up trendline** (A-B) of price support. Much to our surprise its share price was to subsequently break below its primary **up trendline**, which was certainly something we had given a low probability to at that point in time. It's not so much an issue that the **ascending triangle** failed, as it was a case that it simply never signaled its **confirmation** !!

In hindsight this development has now given rise to the apparent **confirmation** of a **symmetrical triangle** (w2-x2; y2-z2), which in this instance has continuing bearish portents. Thus far Entek's share price has bounced off **support** previously evidenced at the \$0.125 level (Y-Z) (this level is also a supportive **Fibonacci 61.8%** "retracement" of its entire bull run to date ie Nov'05 to Nov'06/Jul'07), only to be repeatedly turned back as it re-approaches the underside of a projection of its former primary **up trendline** (A-B), which reinforces its future **resistive** significance. Should its share price decline now below demonstrated **support** at the \$0.125 level (Y-Z), it would give rise to the **confirmation** of a potentially bearish **descending triangle** (w2-z2; Y-z2), which along with the aforementioned **symmetrical triangle** and **Fibonacci** "retracement" theory would collectively call for a retest of 2005's nadir !!

However, we see Entek's ongoing metamorphose running along these lines. **Confirmation** of a **rectangle** (W-X; Y-Z) - refer [hyper link](#), a bullish **continuation** pattern in this instance. Its price having held the key demand line (Y-Z) of support at \$0.125, then advances to regain its primary **up trendline** (A-B) above \$0.20, with this development safely negating the bearish scenario. Ultimately, its price closes beyond the supply line (W-X) of resistance at \$0.265, its break point and a major **BUY SIGNAL**, with a **minimum** price target objective of \$0.405.



NB This research note is based strictly on technical/charting analysis as opposed to fundamental analysis.

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The author of this report at the time of its release holds securities in Entek Energy Limited, but this interest may have changed since.

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