

# ROMANIAN MARKET REPORT

*"To speculate is human, to hedge is ... divine"*

November 23<sup>rd</sup> – 27<sup>th</sup> 2009

## Technical Analysis – TGN



TGN titles are still bounded in choppy sideways trading for the moment but intraweek bias turned to the upside, as the price broke in the last few trading sessions a long term trend line started at the beginning of 2008, indicating a possible upside momentum. More consolidation could be seen, upside movement is expected to be limited at first by 169.50 resistance and bring fall resumption. A break of that level will confirm that the bulls are in control of the market and the price would probably go even higher, a possible target could be the 185.232.

Since the beginning of 2009, TGN shares are in a strong uptrend. In the bigger picture, break of 155.50 resistance confirmed our view that medium term rebound will continue. A Flag formation is visible on the chart and the break of the upside channel will probably bring further increases.



From a technical point of view, TGN chart reveals that the bulls are currently in control of the market. RSI indicator is above 50 level, indicating an upwards momentum and no divergences whatsoever. Also, ADX indicator shows a strong trend in the last few days, the DI lines are well separated, with the +DI above the -DI. A signal of alert is visible however on the Stochastic indicator, which reveals that TGN shares are overbought, and a possible short downside direction could take place. However, if we look into the history of stochastic signal, we can clearly see that this indicator wasn't accurate, giving a lot of false signals when the price was overbought.



In the bigger picture we can clearly see that price stood above SMA 200 most of the year and the moving average slope is upwards, indicating that the long term trend for TGN shares is on the upside. Also, in the last trading session the price consolidated above SMA 100, indicating also an upwards trend.

If we apply a Fibonacci study, we can observe that the 50% FIB level acted as a strong support 2 times in May 2009 and October 2009, and in the last few months the 61.8% level will probably be a powerful support also.

Our recommendation for investors is to buy TGN shares, with a medium term target at 165.00, and if that level broken, a possible target could be around 175.00 levels.