

# Online market may be preparing to rise



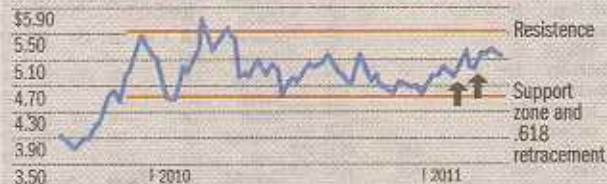
CARSALES.COM represents the new economy in action. An online venue for private individuals and dealers to trade new and used cars, it has won business largely at the expense of the newspapers, which once dominated the space with their classified ads. It is one of the country's largest consumer websites, offering plant machinery, motor

cycles and caravans as well as cars.

This week technical analyst Rob Shelley, a councillor with the Australian Technical Analysts Association and director of Total Trading Concepts, brings his analytical focus to bear on the stock, which he finds poised for action.

As the chart shows, Carsales took a strong ride upwards from late 2009, gaining 64 per cent in six months to \$5.46 and, in Shelley's view, forming the first upward wave in an Elliott Wave Theory

**CARSALES.COM**



formation. The share price dropped early into 2010, reaching a low of \$4.38. It then rose to a new high of \$5.71 in March last year.

After that, it tracked pretty much sideways, but during 2011 it has moved away from the lower support area, achieving

higher lows but remaining below its upper resistance level of about \$5.60. Shelley says there appears to be solid support for the stock at the lower end at about \$4.50. Keep an eye on it as Shelley says any break below \$4.50 would indicate future weakness while a

break through \$5.60 would suggest further strength.

On the fundamentals, return on equity is a whopping 48 per cent, and earnings per share and dividends are predicted to grow strongly (23.6 per cent and 28 per cent respectively this year). Further solid gains are predicted in coming years.

As usual, neither BusinessDay nor Rob Shelley are offering investment advice. Those seeking to commit funds to the market should do their own research and seek professional advice.

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