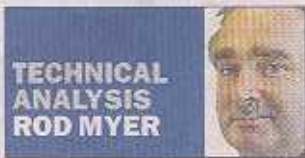


Senex showing plenty of upward energy



TECHNICAL ANALYSIS
ROD MYER

THE junior oil and gas producer Senex Energy has had a rocket under its share price in recent times and there may be more upside in the stock for investors.

It traded between 25¢ to 30¢ for many months up to October 2010. Then the range moved up to 35¢ and 45¢ for some months before a slump to 30¢ last June.

Since then, as Paul Ash, Victorian president of the Australian Technical Analysts Association, observes, "the price has been moving up with increased momentum" despite a few wobbles with

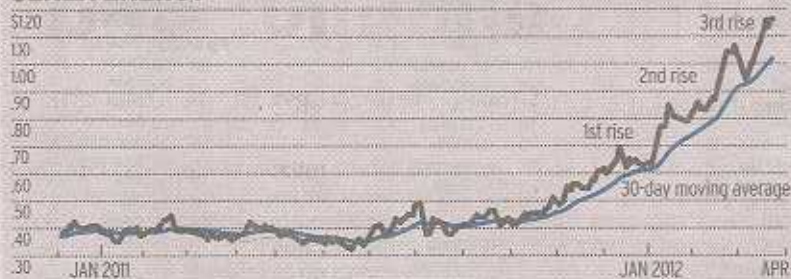
the European debt crisis and a 1-for-5 rights issue at 35¢ completed last September.

"Since mid-January there have been three strong rises, all about 27¢ — the first from 62¢ to 90¢, the second from 81¢ to \$1.085 and the third from 92¢ to (an intraday high of) \$1.22," Ash says. The shares closed yesterday at \$1.12.

Ash says investors need to look out for pauses or retracements in such rising price trajectories to gauge the strength of the upward momentum. If the retracements are followed by strong run-ups as seen in Senex, then the buyers are in control of the situation and it's a bullish sign.

Using the keen eye of a technical analyst for a closer look at Senex's progress, Ash

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sees another sign that we are witnessing a "strong rise". Evidence is that in the two rise-and-retrace formations completed to date the share price at the lowest retracement point is still above the high reached before that rise began.

The fact that the blue 30-day moving average line has acted as a rising support

level since October last year is another sign of strength.

Senex appears to be coming off the top of its third rise and Ash says he expects another pause over the next three weeks, with the share price falling to somewhere between \$1.05 and \$1.02. He suggests would-be buyers might watch the stock and not get in until this

retracement has occurred.

Investor protection could be achieved by setting a stop loss just below the level of the 30-day moving average. But there is one word of caution.

If the share price falls below \$1.02 in the retracement then there has been a significant change in the trend and recent highs will not be achieved in the near future. That is because the price of \$1.02 would represent a retracement of 61.8 per cent from its high according to the Fibonacci number series, a significant sign of weakness for technical analysts.

This column is not investment advice. Those wanting to invest should seek professional counsel and do some homework.

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