

Laggard NAB shares show signs of revival



TECHNICAL ANALYSIS
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NATIONAL. Australia Bank was for many years regarded by investors as the pick of the big banks.

Under leaders like "Nobby" Clark, Don Argus and Frank Cicutto, the business and the share price mostly performed well.

Then things went off the boil following a foreign-exchange trading scandal on Cicutto's watch and a range of attempts by managers to recreate the bank with a business model suited to the times.

Like the rest of the sector, NAB was hit hard by the

global financial crisis but it has been underperforming its peers in the tricky post-GFC environment.

Most recently the poor performance of its UK operations has disappointed investors, and NAB's share price has not reclaimed the highs reached last October.

Yesterday it announced the results of its strategic review of the UK businesses. This involved goodwill write-downs, significant restructuring costs and increased provisions against bad loans. Despite this, half-yearly profit rose 5.7 per cent.

This week Paul Ash, Victorian president of the Australian Technical Analysts Association, casts his eye over NAB and says things might be on the turn for the bank.

Over the past 30 months,

LOOKING UP



the stock has traded between \$28.65 and \$21, and at the moment the company is in the midst of another strategic review designed to lift earnings.

Now, Ash says, a few positive technical signs are starting to appear. One of these is a formation technical analysts know as a pennant. This resembles a

symmetrical triangle and is the formation on the right-hand side of the graph.

As the arms of the triangle come together the share price tends to fluctuate, touching both the upper resistance line and the lower support line.

A breakout through the upper support line is a signal to buy, Ash says. And

interestingly, NAB broke through its upper support line on March 22.

The 30-day moving average (the red line on the chart) is following the share price upwards and it also has broken through the pennant — another sign of strength, Ash says.

However, for NAB to really be on the up and up it will have to break through \$26.50, which was the high reached last October. Despite that resistance level, Ash sees the signs as good that NAB will break its five-month highs.

This column is not investment advice. Those wanting to invest should seek professional counsel and do some homework. The writer has NAB shares. rodmyer@gmail.com

The Age, 1-May 2012 (p.8)