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BORG WARNER HAS HIGHER TARGETS

Sector: Consumer Discretionary – Auto Parts & Equipment
(BWA: US\$39.30; Weekly Chart from January 2008)

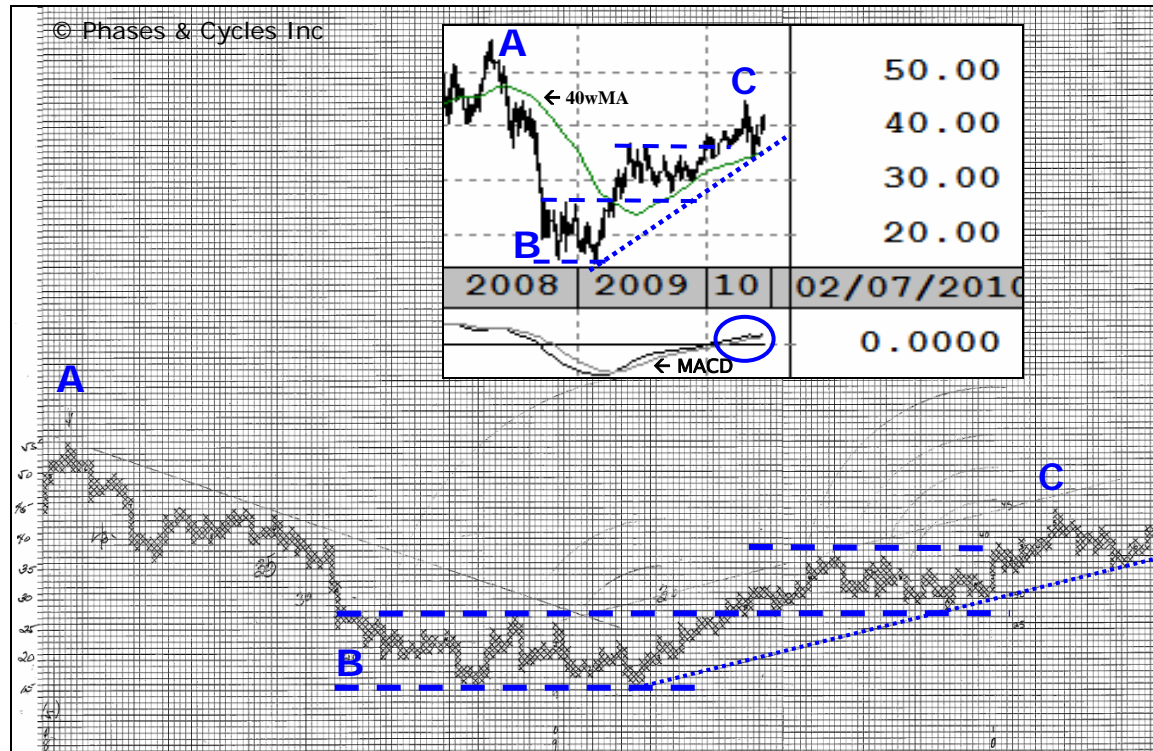
Borg Warner had a major breakout.

From the high of \$55.99 in May 2008 (A), Borg Warner declined to \$18.85 in October of the same year (B), settled into a horizontal trading range between \$15 and \$26 and then rallied and settled into another trading range between \$26 and \$31. This price action produced a bullish technical formation known as a *Duplex Horizontal* (dashed lines). The subsequent rise to \$44.55 (C) signaled the breakout from this pattern and the start of a new major up-leg.

Technical indicators including the rising 40-week (200-day) moving average, the VSI and the MACD (see lower panel) confirm the bullish status. Only a decline below $\pm\$34$ would reverse the current long-term up-side potential.

Point & Figure measurements provide targets of \$49 and \$54 (25% and 37% appreciation potentials from current levels). The large Duplex Horizontal pattern (dashed lines) supports higher targets.

**Monica Rizk
Ron Meisels**



Since the weekly bar-chart (see insert) does not reflect intra-week price changes (only high-low-close data), it depicts a much smaller base (see dashed lines) than the Point & Figure chart, which does.

Since “the larger the base, the higher the space” the Point & Figure chart shows a much more accurate upside potential.

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