

# PHASES & CYCLES®

## A.O. SMITH CORP. (AOS – N) POTENTIAL BREAKOUT

Sector: Industrial – Electrical Components & Equipment

(US\$52.66 Dividend: \$0.96; Yield: 1.82%; Market Cap \$8.50B)

Weekly Chart from January 2018



A.O. Smith declined from \$68.39 to \$40.34 in 2018 (A-B), had a recovery rally to \$56.65 in 2019 (C) and then settled in a bullish price pattern known as an *Inverse Head-and-Shoulders* formation (solid lines). A sustained rise above the neckline of this pattern near \$53-54 (dotted line) would signal a breakout and the start of a new up-trend toward higher targets.

Behaviour indicators including the rising 40-week Moving Average (40wMA) confirm the bullish status. There is good support near  $\pm$ \$50 and then at \$47-48; only a sustained decline below this level would be negative.

**A sustained rise above \$53-54 would signal Point & Figure targets of \$59 and \$64 (12% and 22% appreciation potentials from current levels). The large *Inverse Head-and-Shoulders* pattern (solid lines) supports higher targets.**

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