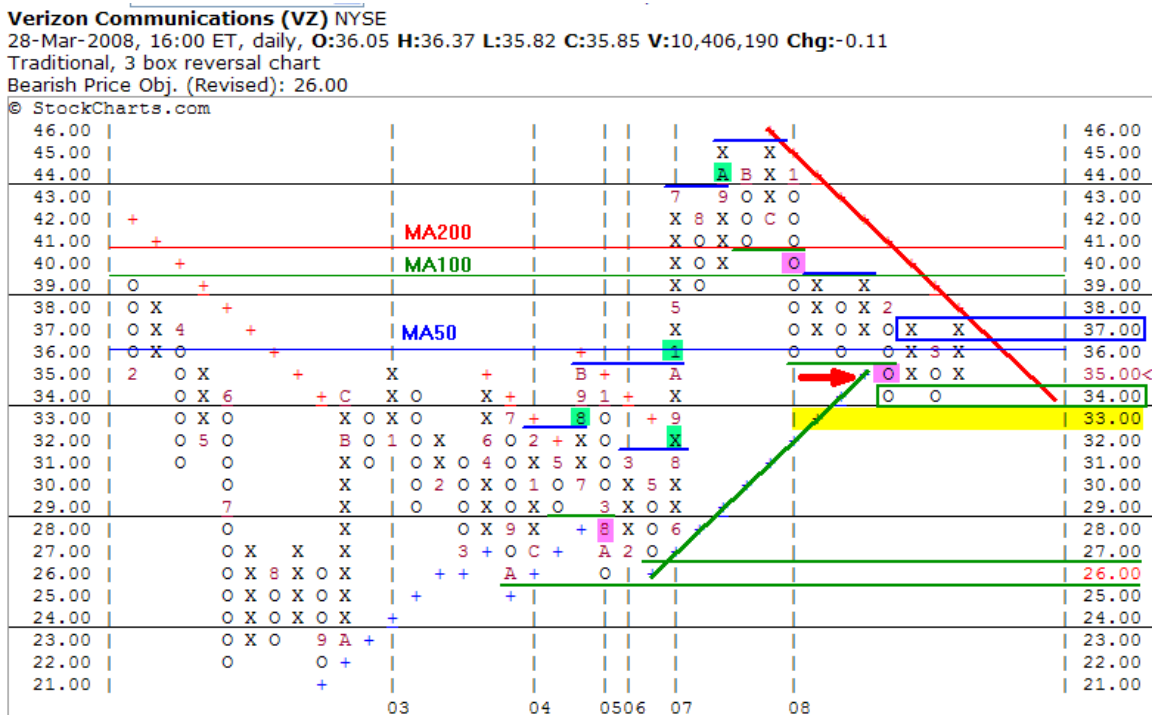


The Trend (TR)

Point and Figure trend

The long term trend is **negative** given that the stock is trading well below its bearish support line (bold dark red line at \$38.00) as shown on the following chart:



Please see the section below entitled *Fibonacci retracement* for a comment on the yellow rectangle at \$33 on the above chart.

The stock is currently trading below all decreasing MA50 days (\$36.81), MA100 days(\$39.95) and MA200 days (\$41.06), for some another clear definition of a bearish trend for any stock. Since it reached a high of \$45.25 in December 2007, it has been trading in a descending staircase manner with brief periods of consolidation followed by a breakdown. The triple bottom breakdown at \$35 (red arrow) was the most significant one since subsequently price broke down below the long term bullish uptrend line signifying the end of the bull for Verizon. We see support at \$33-\$34 as crucial because this area is a double bottom with no apparent subsequent buying power before the stock reaches the \$26-\$27 zone on the P&F chart. Also, the yellow band corresponds to Fib 61.8% which, if breached, would signify that the price would correct back to very low levels.

Traditional Technical Analysis trend

The Weekly view

On the other hand, the traditional weekly chart shows that the long term trend originating at the bottom of \$25.43 in October 2005 is very close to being violated. Of course, if you use the higher sloped

channel, a violation occurred in December 2007. RSI (9), ADX (14) and MACD (12, 26, 9) all confirm that the long term trend is currently bearish. Furthermore, VZ briefly traded into the Cara Weekly accumulation zone in the context of the bear trend shown by a red rectangle.



Please see the section below entitled Fibonacci retracement for a comment on the yellow band of the above chart.

The Monthly view

The Monthly chart is shown below in order to illustrate that in the last bear market, VZ went from a high of \$45.25 to a low of \$21.05 and that could happen again if the recession is worse than currently estimated. All the monthly indicators have rolled over and given a sell signal including RSI (9), ADX(14), MACD (12,26,9) and On Balance Volume. Notice that the stock was never able to breakout above the resistance of \$45-\$46 in July 2001!



The following chart focuses on the trader's perspective. The behaviour of this stock has been quite negative in the short term despite the share buyback program. Short term support is clearly identified by a triple bottom at \$33.50 while resistance is a spread triple top at \$39. We are now on the fifth short term sell signal for this stock. It has been a long time since we have seen a buy signal for this stock & .!

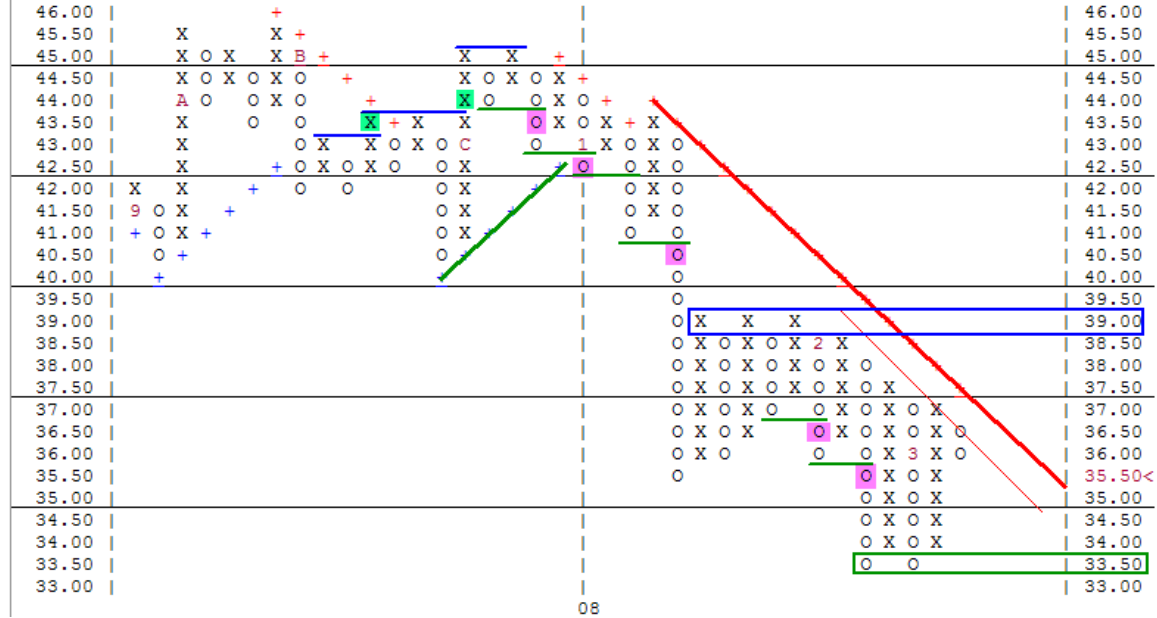
Verizon Communications (VZ) NYSE

28-Mar-2008, 16:00 ET, daily, O:36.05 H:36.37 L:35.82 C:35.85 V:10,406,190 Chg:-0.11

User-Defined, (0.50 x 2) chart

Bearish Price Obj. (Revised): Met(41.83)

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The long term trend is negative. The intermediary trend is negative. The short term trend is characterized by lower highs and lower lows which is therefore negative.