



Eldorado Gold (ELD: \$11.48)

August 10, 2009

Target: \$16.00

Reversal Level: \$9.00



Eldorado Gold is on the verge of a major breakout.

From 2006 to 2008, Eldorado Gold built a large base made up of higher highs and lower lows (see dashed lines). In late-2008, the stock had a sharp rise from about \$3.50 to \$11.90 that clearly brought the stock out of its base-building phase (A-B). Given that this sharp rise took place in a short span of 4 months, the stock became extremely overbought. The stock then settled into a wedge pattern made up of higher lows and lower highs (see solid lines) while the 40-week moving average caught up to the price. The recent rise to \$11.79 suggests that Eldorado is on the verge of a breakout from this wedge formation. A rise above \$12 would confirm this and signal higher targets.

Technical indicators including the rising 40-week (200-day) moving average, the CSI and the MACD confirm its bullish status. Only a decline below \$9 would reverse the positive status of this stock.

A move above \$12 would provide targets of \$14 and \$16 (21% and 38% appreciation potentials from current levels). Significantly higher targets are also visible.