Regina Meani

Chart and Technical Services

# 4 top insurers

*What the share-price charts say about AMP, IAG, Suncorp and QBE.*

***By Regina Meani, consultant***

As many Australians face the repercussions of disastrous floods, including controversial insurance policies, it is timely to focus our analysis on the four largest companies in the insurance sector - AMP, Insurance Australia Group (IAG), Suncorp and QBE.

**AMP** is a leading wealth-management company operating in Australia and New Zealand. It has two core business units: Capital Investors, providing funds management, and Financial Services, which offers insurance coverage among its varied services.

**Insurance Australia Group** is the largest general insurer in Australia and New Zealand. IAG's brands include NRMA, CGU, SGIO, SGIC, Swann Insurance and RACV. It also has operations in the UK and Asia.

**Suncorp Group** has 10 different brands in Australia, including AAMI and GIO. Suncorp has become a leading general insurer and a diversified financial services group across Australia and New Zealand.

**Regina Meani Chart & Technical Services**

Phone: +61 2 9546 3583
Fax: +61 2 9546 3583
E-mail: rjcmeani@idx.com.au

PO Box 38
St Leonards 1590
NSW Australia

**QBE Insurance Group** is one of the top 25 insurers and reinsurers worldwide, with operations in all key global insurance markets covering Australia, the Pacific, Asia, the Americas and Europe.

For the most part, long-term trends for these companies are still intact but they obviously face some short-term volatility.

*(Editor's note: The ASX Charting Library has definitions on charting terms below.)*

## 1. AMP

Since the late 1990s the price movements of AMP have been a roller-coaster ride with wide swings. Ignoring the notorious "computer glitch" high around $28, AMP has enjoyed highs around $14, with a first low at $2.73 in 2003 followed by a high close to $11 in 2007, then a swing down to a spike low at $3.52 in March 2009.

Providing a pivot in a reversal, the price climbed to re-test an old resistance point around $7 later in 2009, where it paused within a triangle before breaking down in May 2010, indicating a fall towards the $4.70-4.85 support range. The price fell to the top of the support range last August, spurring a rally into the $5.50-5.70 barrier zone.

This area has remained a barrier but the subsequent price churning underneath has some positive aspects with the potential to re-test the zone building. Once clear the shares



Phone: +61 2 9546 3583
Fax: +61 2 9546 3583
E-mail: rjcmeani@idx.com.au

PO Box 38
St Leonards 1590
NSW Australia

would regain the momentum to tackle the $7.00 resistance level and move beyond.

The danger to this scenario would be a drop below the recent low at $4.85, returning AMP to the downward path.

AMP weekly chart - January 2006 - January 2011


© Regina Meani Chart & Technical Services www.reginameani.com.au

## 2. IAG

From an initial base completed in 2003, the share price of IAG rose strongly to peak close to $7 early in 2005. Suffering from momentum exhaustion, the price formed a top that expanded through 2006 to finally break down in late 2007. With a projected minimum downward target to $3.00, the price fell



Phone: +61 2 9546 3583
Fax: +61 2 9546 3583
E-mail: rjcmeani@idx.com.au
PO Box 38
St Leonards 1590
NSW Australia

quickly into 2008, found support around $3.20 and momentum decelerated.

The price bounced and rallied strongly towards $4.50 but resistance checked the rise and the price fell into a sideways move, which incorporated a final sell-off to $2.94 in March 2009. Becoming the pivot in a broad and developing reversal, the price continued the sideways move with parameters between $3.20 and $4.20, and a slight downward bias to the pattern: that is, these parameters may slide lower as the phase continues to develop.

The most recent rise to the top of the phase halted at $4.03 in December 2010 and the price is experiencing a pullback to support which is being tested in the $3.50-70 range with back-up around the more critical $3.20.

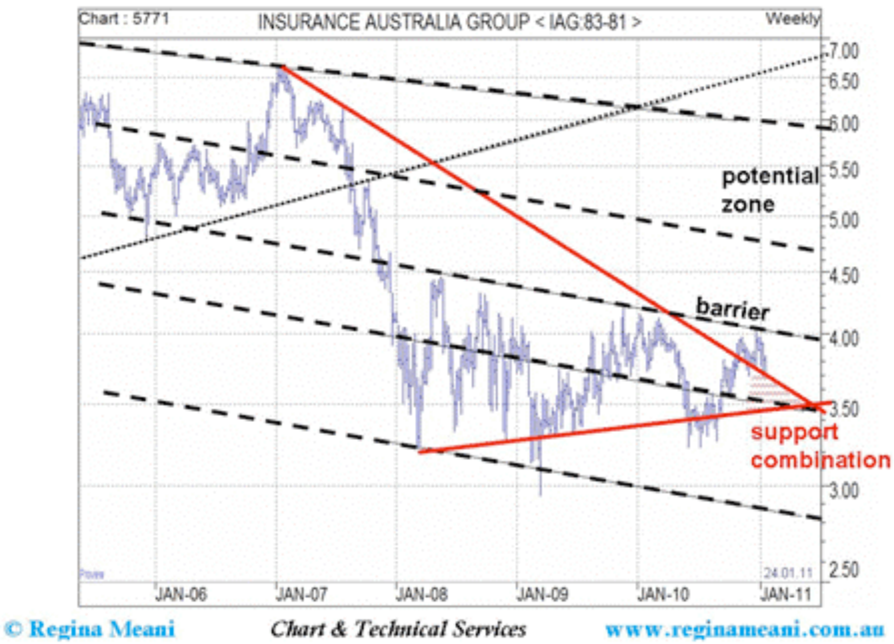
An upward resolution to the phase has not yet been indicated but a rise through $4.00 would complete the reversal for higher prices, potentially into the $4.50-5.00 area and possibly towards $6.00. The danger to this scenario, while the phase is in development, would be a break below $3.15 triggering a return to the downward path. At this stage the odds favour the reversal for higher prices.

**Regina Meani  Chart & Technical Services**

Phone: +61 2 9546 3583
Fax: +61 2 9546 3583
E-mail: rjcmeani@idx.com.au

PO Box 38
St Leonards 1590
NSW Australia

## IAG weekly chart - January 2006 - January 2011




## 3. Suncorp Group

Suncorp enjoyed a strong upward path in the 1990s and early years of the new century, but came to the end of its run in late 2006. The price formed a double top around $21.40, suffering from momentum divergence. Completing the top and breaking its 20-year trend in December 2007, the price fell into rapid decline (with a couple of unsustained reprieves in 2008) to reach a low and turning point at $4.36 in March 2009.

From there the shares launched a recovery that has progressed through two stages. In reaching $9.76 at the end of last year, the price had entered the third stage of the phase, which has broad parameters between $7.50 and $10.50 and a tighter internal range between $8.00 and $9.25 - these provide the

**Regina Meani Chart & Technical Services**

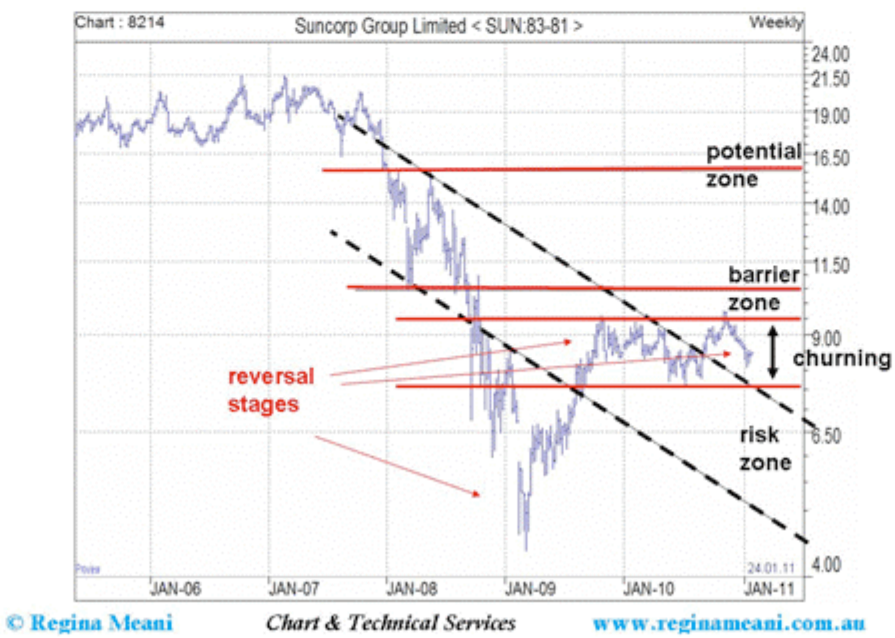
Phone: +61 2 9546 3583
Fax: +61 2 9546 3583
E-mail: rjcmeani@idx.com.au

PO Box 38
St Leonards 1590
NSW Australia

short-term triggers. At this stage we do not see an end to the phase and anticipate more churning, with the outcome indeterminate but an upward bias for an eventual break of the upper barrier zone for higher prices towards $12.50-13.50 and possibly much higher.

The risk would be a break below $7.50 signalling a further delay within the phase and the prospect of lower prices in the $6.00-6.50 support range.

## SUN weekly chart - January 2006 - January 2011




**Regina Meani Chart & Technical Services**

Phone: +61 2 9546 3583
Fax: +61 2 9546 3583
E-mail: rjcmeani@idx.com.au

PO Box 38
St Leonards 1590
NSW Australia

## 4. QBE Insurance

QBE's share price has maintained a broadly ranging upward path from the mid-1970s. In dropping towards $16 in November last year it came close to the trend path. When the price reached through $35 in September 2007 it matched the momentum peak from 2001 and set in motion a similar corrective phase, which at that time triggered the return to the base of the trend path.

Although the action was much swifter in 2001, the momentum similarities produced the same need for the price to return to equivalent support. The downward trend from the peak has been volatile and we expect this may continue to affect the price. The most recent wave down was triggered from the resistance in the $25-26 area and pushed the price down through most of 2010. After falling close to long-term support around $16 at the end of last year, the price rose strongly in December to break the 11-month trend.

The rally has halted in resistance around $18.50 and is pausing underneath with support in the $16.50-17.30 range. Although not anticipated in the very short term, a rise through $18.50 would spur a test of $20 and then the more important three-year downward trend around $22.50. Because the long-term trend path is broad, it allows for some price flexibility and there is a little further room before the trend would be broken. But a drop below $15 would be considered threatening, although that appears unlikely.

**Regina Meani Chart & Technical Services**

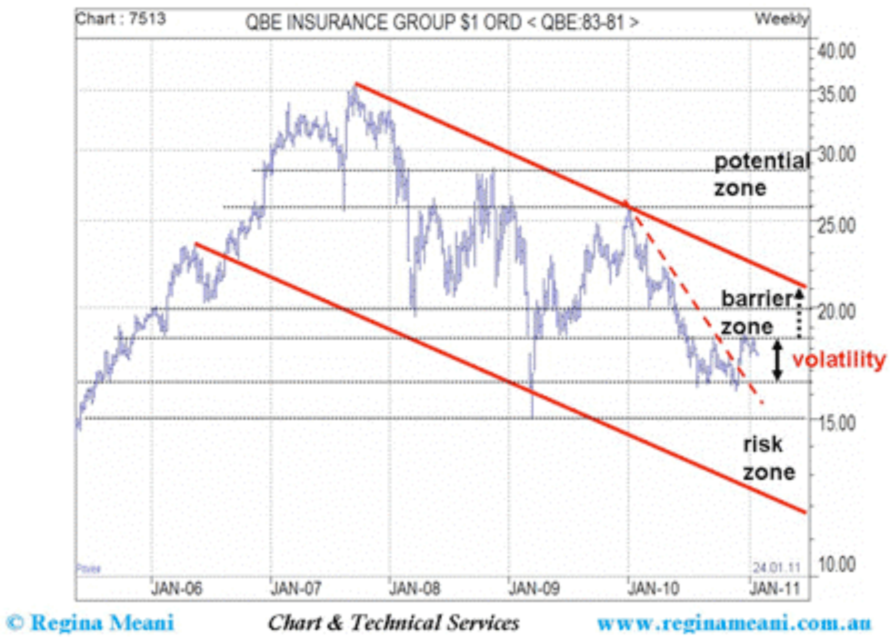
Phone: +61 2 9546 3583
Fax: +61 2 9546 3583
E-mail: rjcmeani@idx.com.au

PO Box 38
St Leonards 1590
NSW Australia

**Regina Meani**

**Chart and Technical Services**

## QBE weekly chart - January 2006 - January 2011




---

## About the Author:

Regina Meani has over 32 years in the stock market as chart & technical analyst, and associate director for Deutsche Bank, and for Huntley's before freelancing. She has lectured for FINSIA, Sydney University and the ASX and written 'Charting- An Australian Investor's Guide'. Regina is a certified financial technician (an international accreditation) a former Director of Australian Technical Analyst Association and is President of Australian Professional Technical Analyst (APTA)

**Regina Meani Chart & Technical Services**

Phone: +61 2 9546 3583
Fax: +61 2 9546 3583
E-mail: rjcmeani@idx.com.au

PO Box 38
St Leonards 1590
NSW Australia

Regina Meani

Chart and Technical Services

## Disclaimer

*This research is based upon information, which was obtained from sources which are believed to be reliable and accurate at time of publication.*

*This report is prepared for general information only, and as such, the specific needs, investment objectives or financial situation of any particular user have not been taken into consideration. Individuals should therefore discuss, with their financial planner or advisor, the merits of each recommendation for their own specific circumstances. Not all investments will be appropriate for all individuals.*

*To the extent permitted by law, Regina Meani & The Women's Investment Club and its employees, agents and authorised representatives exclude all liability for any loss or damage (including indirect, special or consequential loss or damage) arising from the use of, or reliance on, any information within the report whether or not caused by any negligent act or omission.*

**Regina Meani Chart & Technical Services**

Phone: +61 2 9546 3583
Fax: +61 2 9546 3583
E-mail: rjcmeani@idx.com.au

PO Box 38
St Leonards 1590
NSW Australia