

# ECU SILVER MINING – ENERGY ANALYSIS UPDATE

By Adrian Douglas

In an article I wrote on January 26, 2007 entitled “A New Analysis Technique Applied to the Gold Market” <http://www.lemetropolecafe.com/pfv.cfm?pfvID=5876> I showcased the new analysis using ECU Silver Mining as an example.

I have developed two predictive indicators that I have called Potential Energy (PE) and Kinetic Energy (KE). In that article I showed that when these two indicators are synchronously moving together in a particular direction the price will mostly likely move in that same direction. From the energy analysis of ECU I predicted that a very large upward move is in the offing. I would like to show you where we stand today.

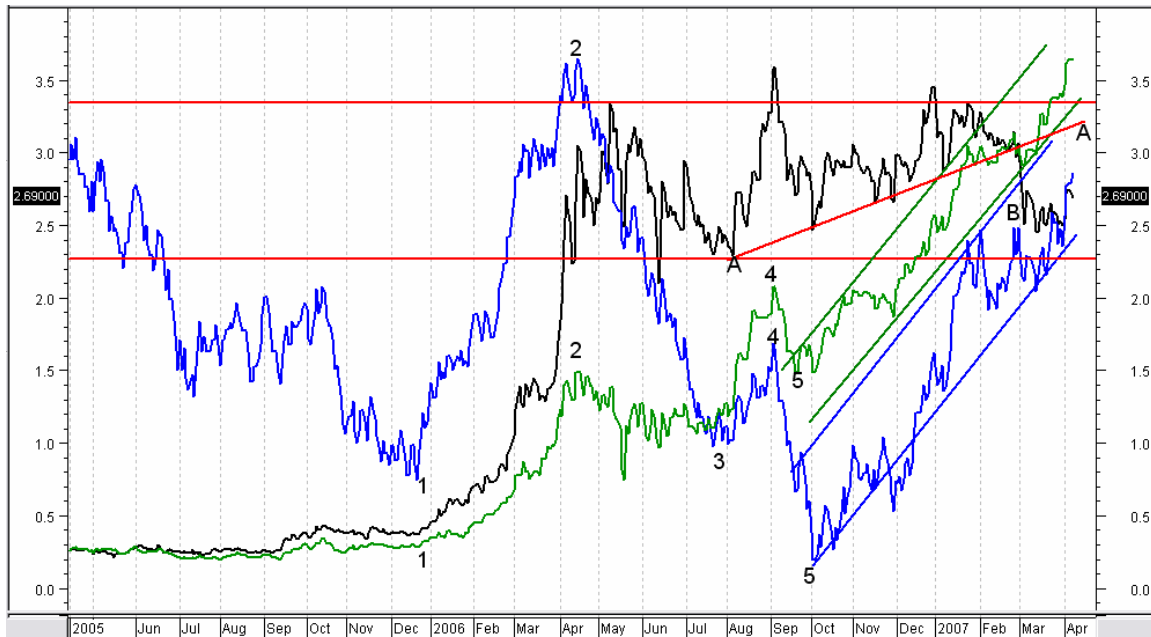
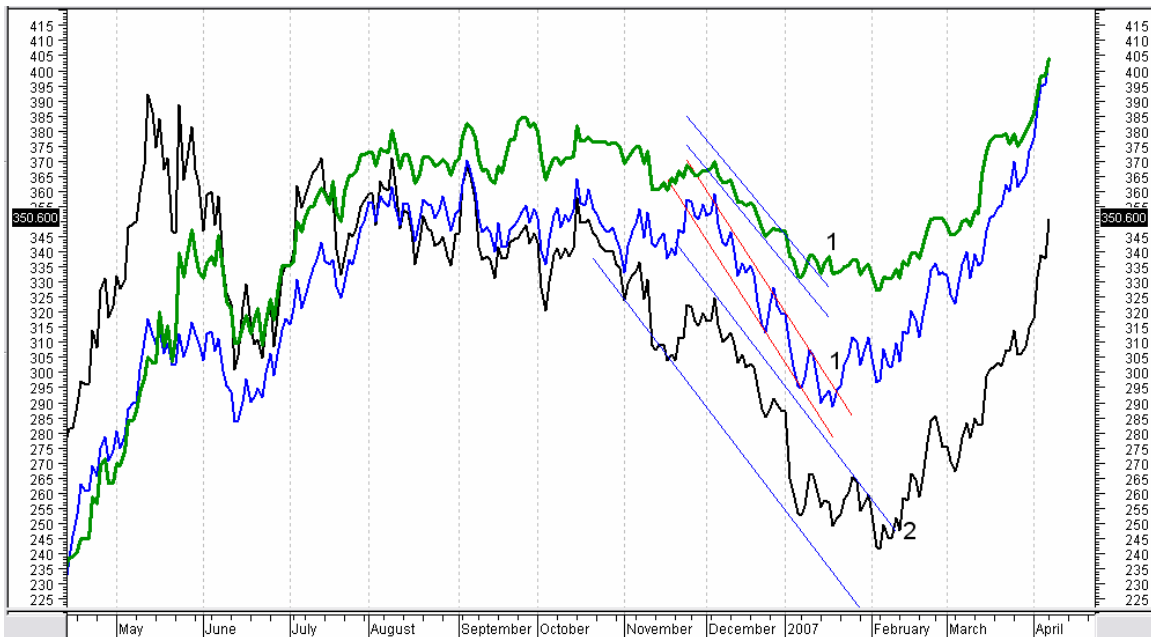


FIGURE 1

The energy analysis shows both PE (blue) and KE (green) were rising synchronously from points 1 to 2 which predicted the massive X10 move up in the ECU stock price (black line) from Jan 2006 to May 2006. The energies then moved synchronously down from point 2 to point 3 and the stock price duly followed. The energies turned at point 3 to point 4 and the stock again rallied. The stock failed to break-out of a consolidation box formation defined by the two red lines and the price fell back. The energies again synchronously turned up at point 5 in October 2006 and have not changed direction ever since. This was predicting the generally rising trend of the stock which has displayed higher lows along the support line AA. At point B my sources tell me that a large shareholder had a margin call on some position (not related to ECU) and was forced to sell

ECU shares to cover his other loss making investment. From conventional technical analysis this created a very ugly technical picture because this made the stock price break down out of the consolidation triangle bounded by AA on the lower side. The price remained, however, well within the consolidation box formation but nonetheless conventional chartist would have taken this as a “sell” signal. The kinetic and potential energies have hardly blinked and have not been fooled by this spurious event. The energies are locked in an upward pattern and still indicating that ECU’s underlying strength is going to result in a predominantly upward path. The spurious event at point B means that ECU has some catching up to do and the move is likely to be impressive.

To give further credence to my analysis I would like to point out that I have been one of the lone Copper Bulls in the last few months. Figure 2 shows the energy analysis for Copper. The energies synchronously turned at point 1 while the copper price didn’t break-out until one month later at point 2. The energies have been screaming skywards ever since and copper has gained 40% in 10 weeks, outperforming the precious metals by a long shot.



From an energy analysis point of view ECU looks in great shape. For the many frustrated shareholders out there (and I sympathize because I am one too!) I would prescribe a little more patience. ECU is going to surprise the short sellers in the same way copper has gutted the copper bears.

Adrian Douglas  
[info@marketforceanalysis.com](mailto:info@marketforceanalysis.com)  
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