

Buy – Admiral (ADM)

August 14, 2013

Leveraged products involve a high level of risk and you can lose more than your original investment. They are not suitable for everyone so please ensure you understand the risks involved and if necessary please obtain investment advice from a financial adviser before investing. This report is not a personal recommendation and does not take into account your personal circumstances or appetite for risk.

Trade parameters:				
Opening Price	Stop Loss	Profit Limit	Reward vs. Risk	CFD Margin
1268p	1210p (58p/4.6% below)	1440p (172p/13.6% above)	3.0x	10%

- Observations - For**
- 18-month uptrend; bounce off trendlines; 200-day MA regained
 - 13.5% correction; 1230p been key level for 2 yrs
 - Directional indicators converging bullishish from extremes
 - RSI, Momentum & Stochastics oversold
 - Underperformance of FTSE100 found support

- Observations - Against**
- Oversold indicators not yet recovered
 - MACD & Momentum still negative
 - Point & Figure not yet shows bullish reversal
 - Potential early resistance at 100-day MA 1330p
 - Summer volumes rather thin, creates volatility

News / Broker Comments / Important Dates / Observations **

Recently listed peer Esure falls below float price after interim results show smaller than expected dividend with motor industry premiums under pressure and potential price war. Industry hopes to benefit from recent reforms limiting personal injury claims (6 Aug). BoA-ML replaces ADM with DLG Line as its preferred sector stock (17-May) Limited newsflow. Ancillary income (add-ons, referrals) still being investigated by regulators. With so many sellers, who's left to sell? **Next Event:** Interim results, 29 Aug

Latest Broker 12m Consensus: 4 x Buy, 4 x Hold, 5 x Sell (Source: Digital Look, Alpha Terminal, Brokerforecasts.com) (U = Upgrade / D = Downgrade)
1-Aug, Numis, Reduce; **31-Jul,** ExaneBNP, Sell; **20-Jun,** Berenberg, Sell, TP 1060p; **7-Jun,** Shore, Sell; **7-May,** JPMorgan, Underweight (D), TP 1108p (D); **26-Apr,** HB Markets, Buy; **25-Apr,** BoA-ML, Buy, TP 1400p; **22-Apr,** Deutsche, Hold, TP 1300p (U)



Stock description

Admiral Group Plc principally sells private motor insurance, together with additional products and services such as breakdown coverage. The Company markets directly to the public in the United Kingdom through its core brands, Admiral, Elephant, Diamond, and Bell. Admiral Group also offer motor insurance and operates comparison websites in Spain, Italy, France and the United States. (FTSE 100)

Graph: 2-year (daily)

Stock last used as Trade Idea;
7-Dec-12

****Source:** DowJones Newswires, Reuters News or Company Press releases, Bloomberg.com

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Graph: 1-year (daily) - ADX and Directional Indicators, MACD & Volume



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Graph: 1-year (daily) - RSI, Momentum and Performance relative to FTSE 100



Share Perf %	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
	-0.08	-8.85	-0.63	7.19	-18.15	-14.45	20.67	33.51

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