

Buy – ARM Holdings (ARM)

January 14, 2014

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
985p	940p (45p/4.6% below)	1140p (155p/15.7% above)	3.4x	5%

Observations - For

- Support at 5-month rising lows; shares in rising channel
- Bullish engulfing candle today
- Support from 200-day MA above stops
- RSI down near prior lows
- Stochastics suggests oversold

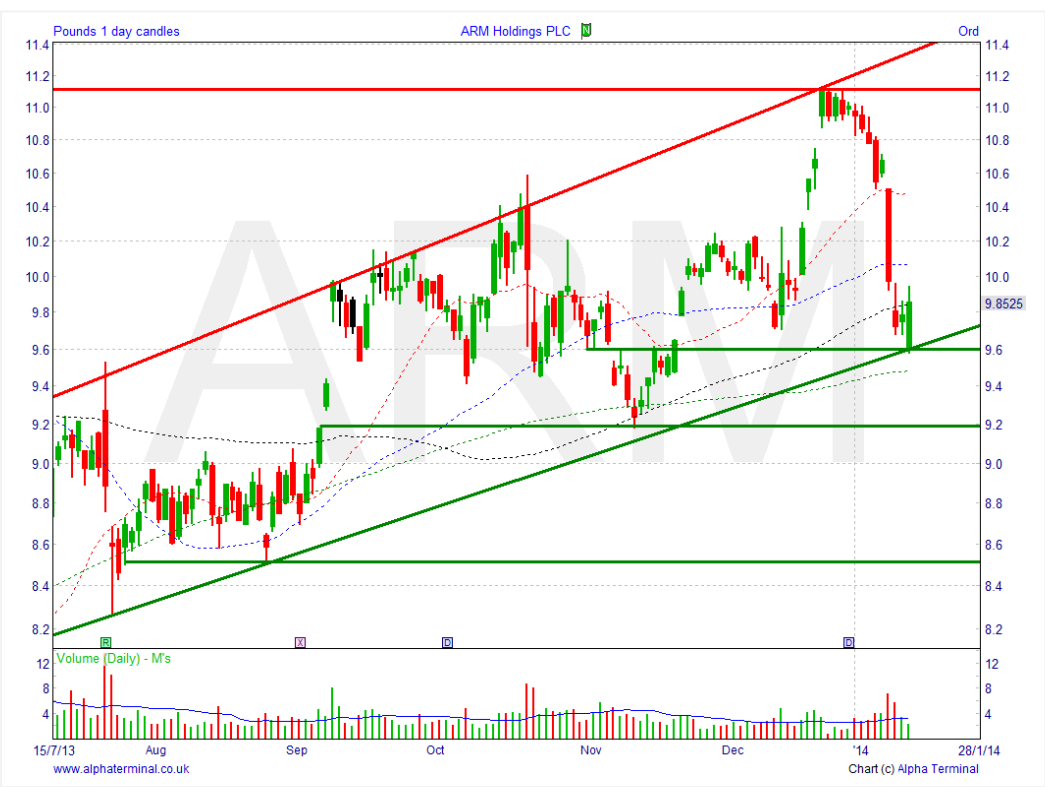
Observations - Against

- Volumes still waning
- MACD & Momentum still negative
- Bearish cross by Directional Indicators
- Point & Figure chart shows no reversal yet
- Sharp losses last week show volatility of stock

News / Broker Comments / Important Dates / Observations **

Deutsche downgrades after strong 2013 saying price ignore several risks; Downside to EPS due to ongoing mobile Semis correction and more Intel smartphone design wins in Q1 (9 Jan). BMO cuts to market perform (3 Jan). Company exposed to technological advances and economic growth sentiment. Benefit from new designs, and contract wins; suffers from competition (Intel, AMD, IMG, Qualcomm). Customers include Apple, Nokia, Sony and Samsung. **Next Event:** Q4/FY Results, 4 Feb

Latest Broker 12m Consensus: 19 x Buy, 11 x Hold, 5 x Sell (Source: Digital Look, Alpha Terminal, Bloomberg) (U = Upgrade / D = Downgrade)
13-Jan, Barclays, Overweight; **13-Jan**, JPMorgan, Outperform, Neutral, TP 750p; **9-Jan**, Deutsche, Hold (D), TP 1070p (D), **7-Jan**, Credit Suisse, Outperform, TP 1150p; **19-Dec**, Espirito Santo, Buy, TP 1250p; **22-Nov**, Numis, Reduce, TP 800p; **21-Nov**, HSBC, Buy



Stock description

ARM Holdings plc develops processors, data engines, peripherals, software, and tools. The Group's solutions are used in a variety of applications, including in the automotive, consumer entertainment, digital imaging, mass storage, networking, security, and wireless industries (FTSE100)

Graph: 1-year (daily)

Stock last used as Trade Idea;
11-Jun-13

****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
	-8.26	-0.55	-3.98	17.6	69.93	84.34	424.67	1,113.5

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