

Buy – Aviva (AV.)

August 19, 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
403p	380p (23p/5.7% below)	470p (67p/16.6% above)	2.9x	10%

- Observations - For**
- Shares made major breakout after H1 results
 - MACD breakout above flaring highs
 - ADX (trend strength) near recent highs
 - Double support from breakout and rising lows
 - 100-day MA close to breaking above 200-day

- Observations - Against**
- RSI rising lows, but also suggests overbought
 - Momentum not particularly strong
 - Outperformance of FTSE100 close to recent highs
 - Potential early resistance at Apr-Jul 2011 highs 450p
 - 38% gains since mid-April

News / Broker Comments / Important Dates / Observations **

ExaneBNP downgrades after strong outperformance of peers since new management addressed costs and leverage on which it looks ahead of target. Struggles to see top-line growth securing consensus estimates (16 Aug). Panmure says H1 solid on all key metrics (8 Aug). Hargreaves says AV now a recovery play (8 Aug). Shore says H1 amounts to steady progress, but says scale of task for new CEO now apparent (8 Aug). Goldman Sachs downgrades after strong performance (31 Jul). **Next Event:** Ex-div, 9-Oct; Q3 results 7-Nov

Latest Broker 12m Consensus: 10 x Buy, 9 x Hold, 3 x Sell (Source: Digital Look, Alpha Terminal, Brokerforecasts.com) (U = Upgrade / D = Downgrade)
16-Aug, ExaneBNP, Neutral (D), TP 403p (D); **8-Aug,** Panmure, Hold, TP 380p; **8-Aug,** Shore, Sell; **31-Jul,** Goldman Sachs, Neutral (D). TP 390p (U); **31-Jul,** Canaccord, Buy (U), TP 385p; **10-Jun,** SocGen, Buy; **16-May,** Espirito Santo, Buy; **24-Apr,** ExaneBNP, Buy



Stock description

Aviva PLC is an international insurance company that provides all classes of general and life assurance, including fire, motor, marine, aviation, and transport insurance. The Company also supplies a variety of financial services, including unit trusts, stockbroking, long-term savings, and fund management. (FTSE 100)

Graph: 2-year (daily)

Stock last used as Trade Idea;
26-Nov-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
	0.27	8.27	22.34	24.03	26.76	3.04	-3.22	-22.33

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