

Buy – Centrica (CNA)

October 17, 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
365p	351p (14p/3.8% below)	405p (38p/11.0% above)	2.9x	5%

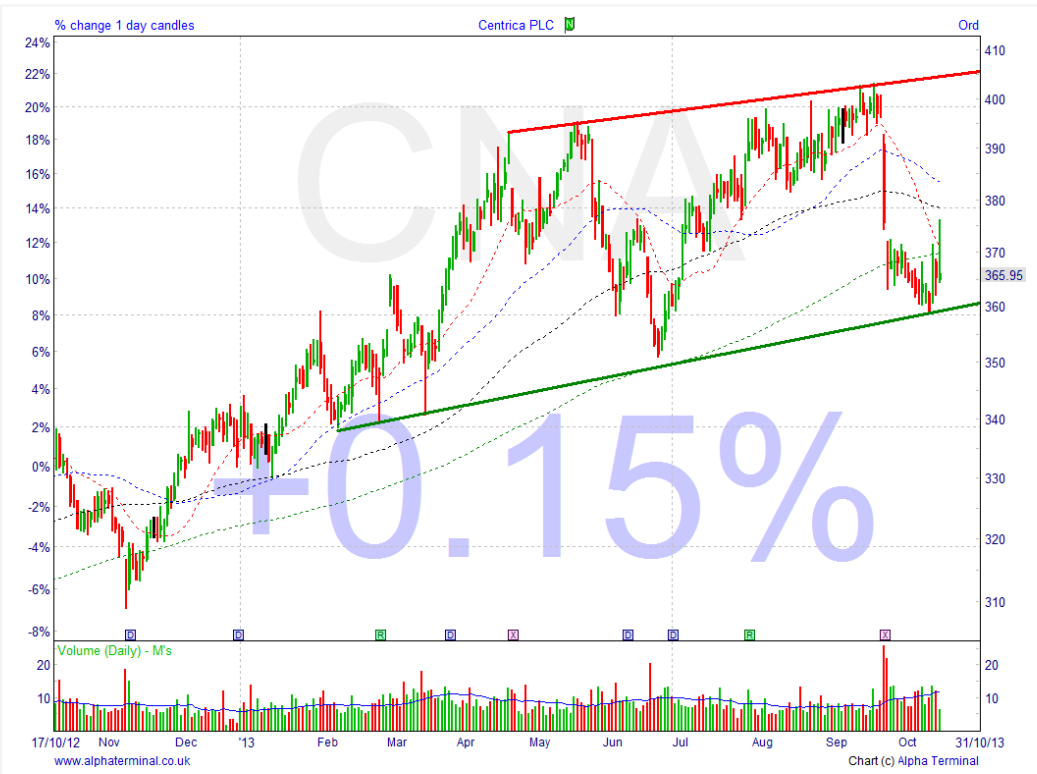
- Observations - For**
- Bounce of base of shallow rising channel on decent volume
 - MACD crossed back above signal
 - Bullish cross by directional indicators
 - RSI & Momentum bounced from oversold
 - Stochastics oversold, yet to rebound

- Observations - Against**
- Test of 200-day moving average but back below
 - Point & Figure not yet showing reversal
 - Momentum not yet gone positive
 - MACD yet to get back above prior low
 - Shares been underperforming FTSE100

News / Broker Comments / Important Dates / Observations **

CAN announces 9.2% rise in energy bills from Nov 23 following competitor SSE's +8.2% last week (17 Oct). Goldman Sachs says tariff uncertainty priced in and upgrades to Buy after recent underperformance (15 Oct). Downgrade to Neutral from Overweight by HSBC (14 Oct). Company announces replacement for Chairman in Jan (4 Oct). JP Morgan cuts to Neutral after opposition Labour Party pledges freeze on energy costs and break up big-6 providers to help consumers (26 Sept). **Next Event:** Interim Statement, 14 Nov

Latest Broker 12m Consensus: 5 x Buy, 7 x Hold, 4 x Sell (Source: Digital Look, Alpha Terminal) (U = Upgrade / D = Downgrade)
15-Oct, Goldman Sachs, Buy (U), TP 447p (D); **14-Oct**, HSBC, Neutral (D), TP 400p (D); **4-Oct**, Investec, Add (D), TP 375p (D); **26-Sept**, BoA-ML, Underperform, TP 320p; **25-Sept**, Citigroup, Neutral, TP 390p; **13-Sept**, Deutsche, Buy, TP 430p; **11-Sept**, Liberum, Buy



Stock description

Centrica PLC is an integrated energy company offering a wide range of home and business energy solutions. The Company sources, generates, processes, stores, trades, saves and supplies energy and provides a range of related services. (FTSE 100)

Graph: 6-month (daily)

Stock last used as Trade Idea;
5-Aug-13

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

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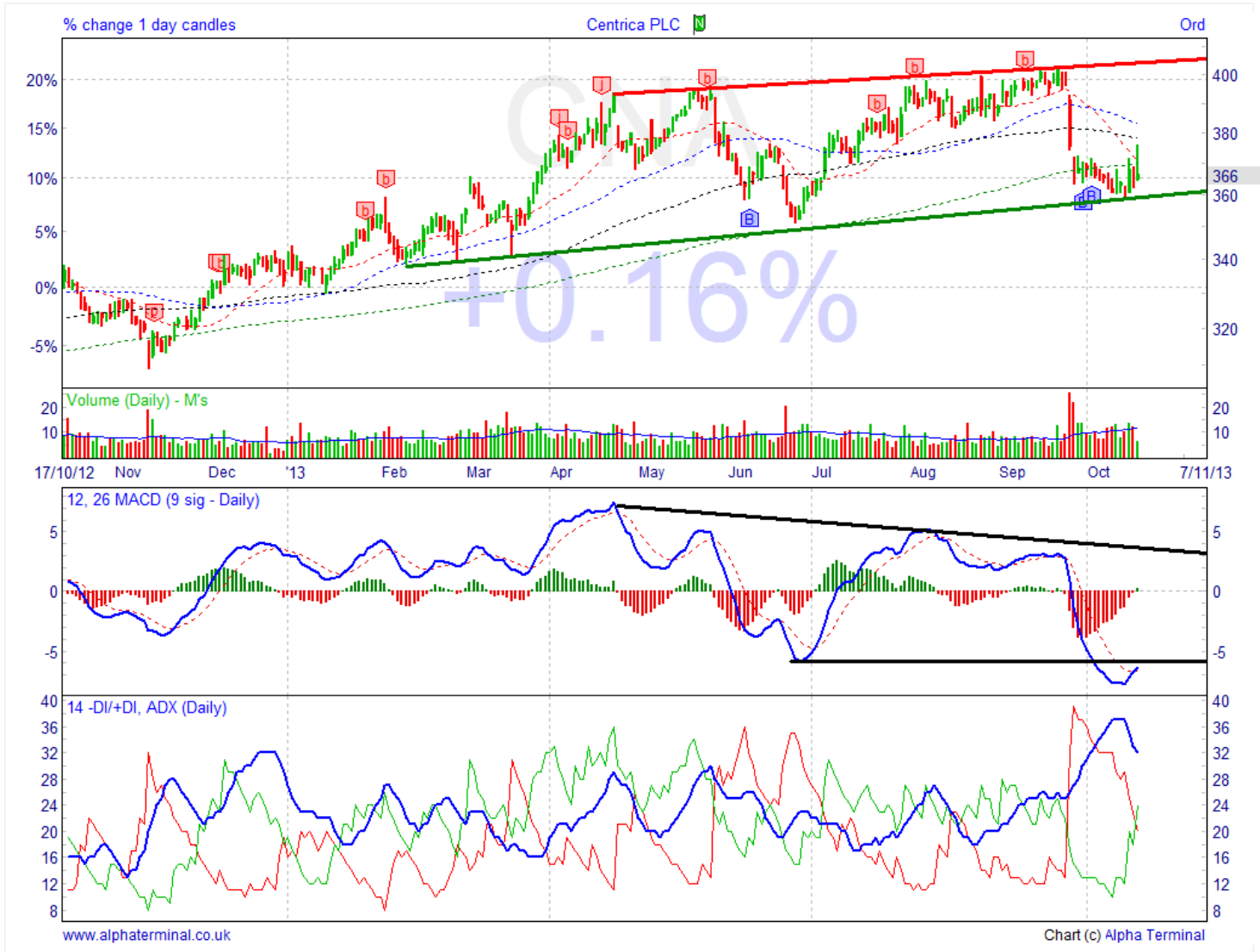
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Graph: 1-year (daily) - ADX and Directional Indicators, MACD & Volume



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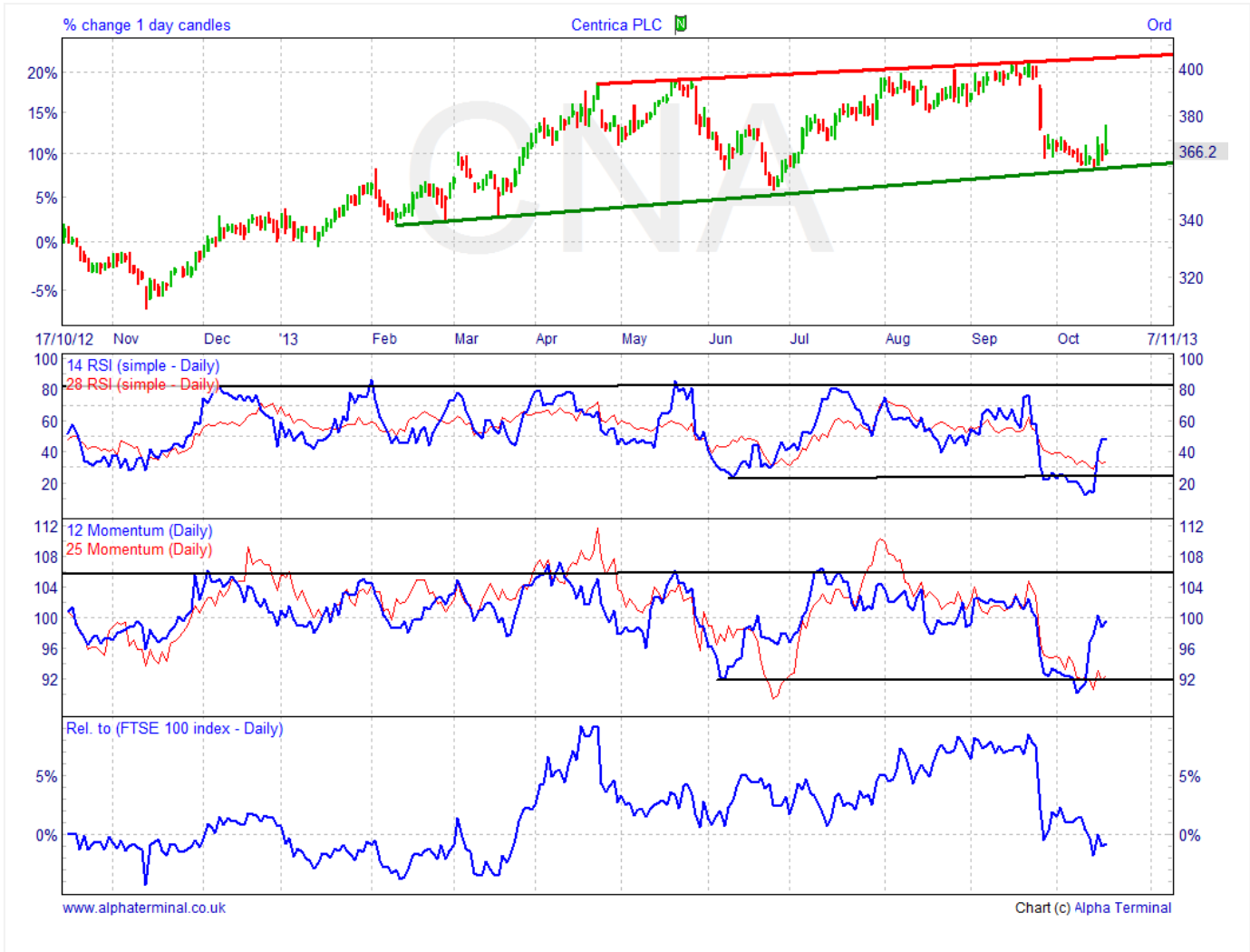
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Graph: 1-year (daily) - RSI, Momentum and Performance relative to FTSE 100



Share Perf %	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
	1.58	-7.36	-3.14	10.23	22.99	11.33	51.95	37.5

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