

Buy – Dragon Oil (DGO)

December 11, 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
570p	550p (20p/3.5% below)	635p (65p/11.4% above)	3.3x	10%

Observations - For

- Uptrend since Aug 2011; Rising support; Bounce off June lows
- MACD bottomed and back above signal
- Directional indicators potentially making bullish cross
- RSI & Stochastics recovered from oversold
- Momentum bounced off rising lows

Observations - Against

- Downtrend since April
- MACD still negative and below signal
- Momentum still not positive
- Moving averages a potential hindrance 585-610p
- ADX (trend strength) been in decline

News / Broker Comments / Important Dates / Observations **

Awarded exploration block in Egypt, pending gov't approval (28 Nov) Q3 production +7% YoY to 74.3K barrels/day and mobilization of new rigs meaning less well completions in 2013, 2 pushed out into 2014 (29 Oct). Afghan government signs contracts for exploration and production sharing of two blocks in which DGO has 40% share (8 Oct). Drilling and production update backs 2013 growth at lower end of medium-term range (4 Oct). Exposed to well success. **Next Event:** Trading statement, 14 Jan; Ad-hoc drilling updates

Latest Broker 12m Consensus: 7 x Buy, 3 x Hold, 1 x Sell (Source: Digital Look, Alpha Terminal, Bloomberg) (U = Upgrade / D = Downgrade)

10-Dec, Goldman, Neutral/Attractive, TP 766p; **5-Dec,** Goodbody, Buy, TP 775p; **11-Nov,** GMP Securities, Buy, TP 800p; **8-Nov,** Davy, Outperf.; **30-Oct,** First Energy, Outperf., TP 745p; **29-Nov,** Nomura, Buy, TP 750p; **29-Oct,** Oriel, Add; **14-Oct,** Tudor, Hold, TP 850p



Stock description

Dragon Oil plc maintains activities in oil, gas and mineral exploration, development and production. The Company's operations are primarily located in Turkmenistan, but also in Tunisia, Afghanistan, Iraq and Egypt (LSE)

Graph: 1-year (daily)

Stock last used as Trade Idea;
N/A

****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
	0.75	-1.68	-6.03	7.67	22.21	14.56	53.01	302.99

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