

# Buy – Fresnillo (FRES)

October 18, 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
963.5p	910p (53.5p/5.6% below)	1130p (166.5p/17.3% above)	3.1x	10%

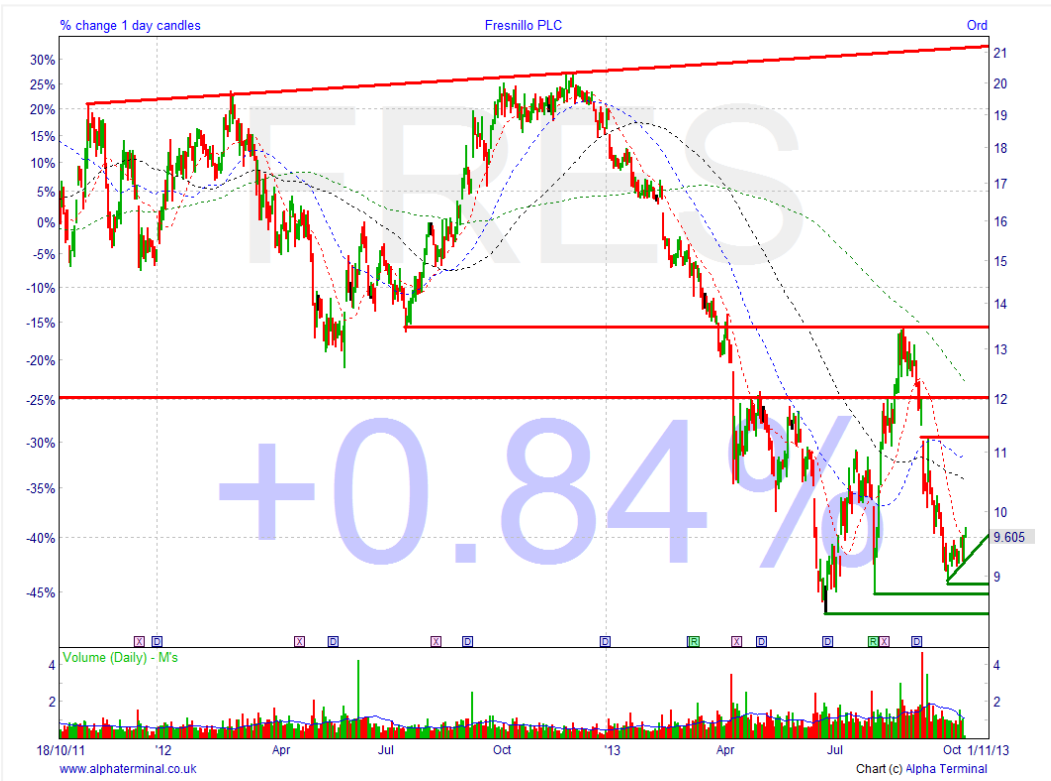
- Observations - For**
- Bounce, rising lows since end-June; Gold made breakout
  - RSI & Stochastics recovery from oversold
  - MACD kicked up above signal; rising lows
  - Momentum bounce off recent lows, back positive
  - 200-day moving average (resistance) above limit

- Observations - Against**
- MACD & RSI not yet gone positive
  - Directional indicators not yet made bullish cross
  - Point & Figure not yet showing reversal of downtrend
  - Shares still underperforming FTSE100
  - Hostage to price of Gold and Silver (decline since 2011)

**News / Broker Comments / Important Dates / Observations \*\***

Gold breakout above 3-month falling highs. Renewed safehaven appetite, weak USD, bargain hunting after declines (17 Oct). Company announces 10% fall in gold production (supportive of gold price in terms of reduced supply), but still on-track for FY guidance (17 Oct). UBS upgrades to Buy from Neutral and makes stock most preferred in Euro Metals and mining with attractive outlook and low risk for exposure to precious metals (7 Oct). Citi turns bearish on Gold & Silver stocks (2 Oct). **Next Event:** Q4 Production Report, end-Jan

**Latest Broker 12m Consensus:** 5 x Buy, 8 x Hold, 2 x Sell (Source: Digital Look, Alpha Terminal) (U = Upgrade / D = Downgrade)  
**18-Oct,** Deutsche, Hold, TP 1000p; **10-Oct,** JP Morgan, Overweight, TP 1160p; **10-Oct,** UBS, Buy, TP 1150p; **3-Oct,** RBS Capital, Outperform, TP 320p; **2-Oct,** Citigroup, Sell (D), TP 911p (D); **27-Sept,** BoA-ML, Neutral, TP 1300p; **24-Sept,** Liberum, Hold, TP 1100p



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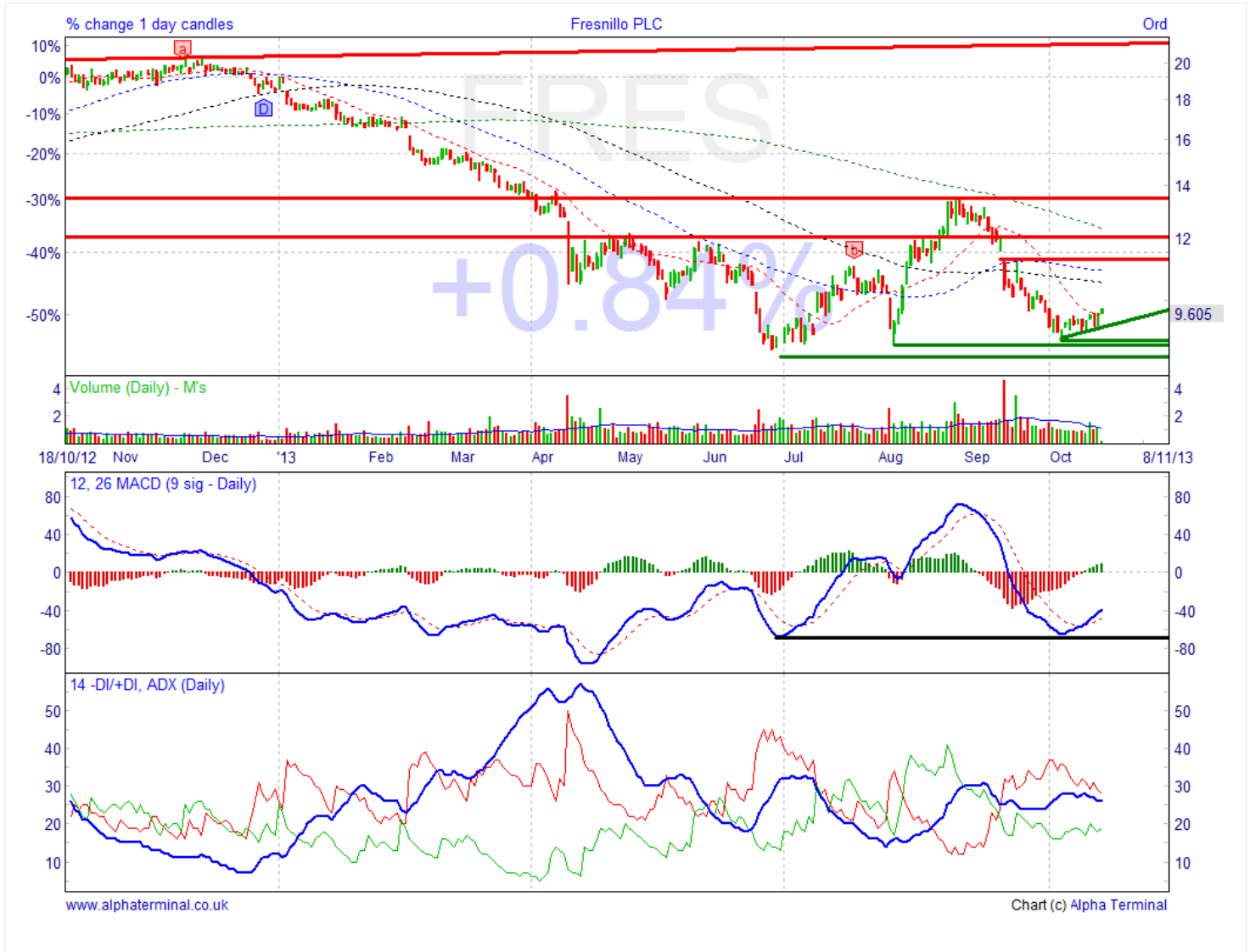
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**Graph: 1-year (daily) - ADX and Directional Indicators, MACD & Volume**



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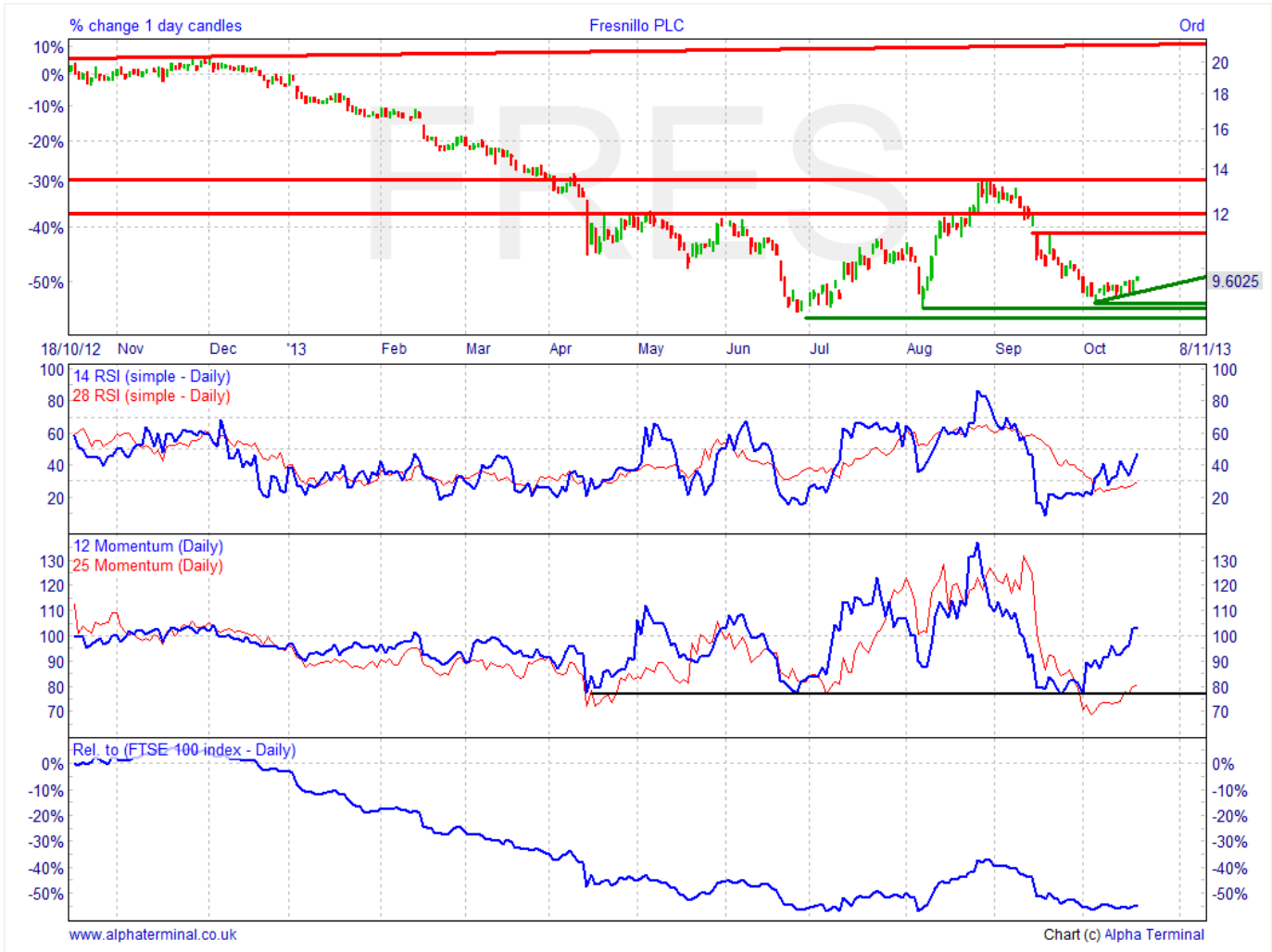
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**Graph: 1-year (daily) - RSI, Momentum and Performance relative to FTSE 100**



Share Perf %	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
	2.65	-10.17	-10.17	-49.25	-36.2	-23.24	16.25	809.33

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