

Buy – GLaxoSmithKline (GSK)

January 21, 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
1672p	1615p (57p/3.4% below)	1820p (148p/8.9% above)	2.6x	5%

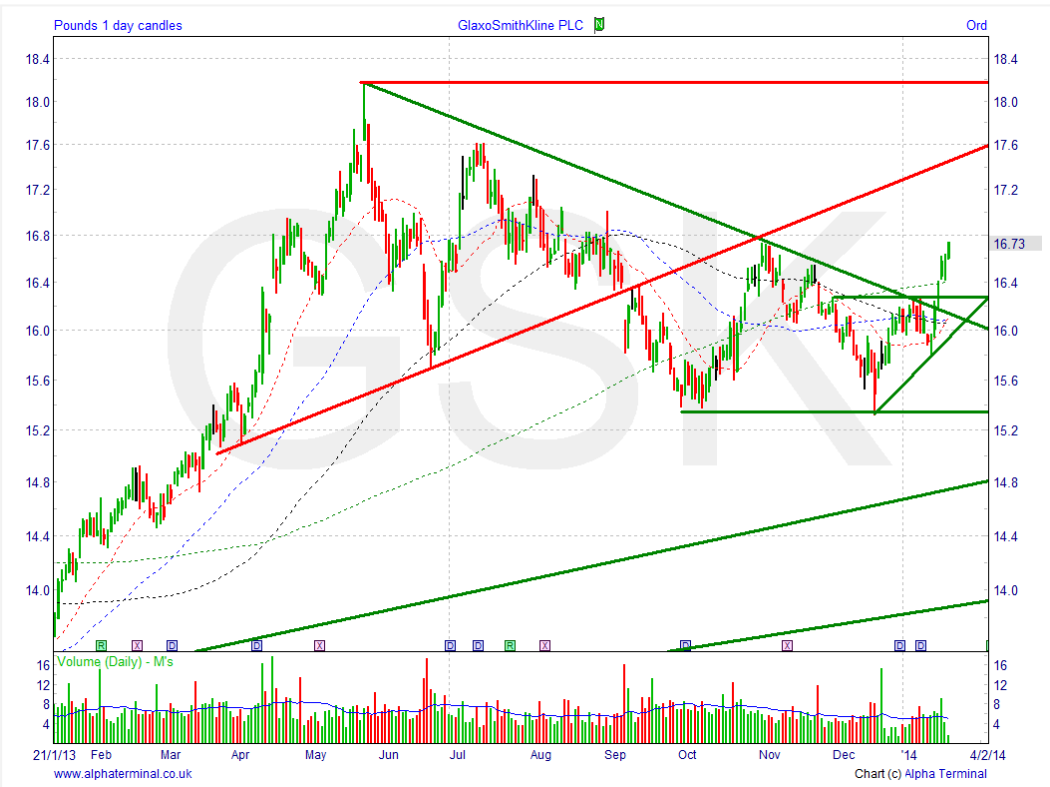
- Observations - For**
- Break above 8-month falling highs; 5yr uptrend
 - Break above 200-day moving average 1640p
 - Recent MACD low higher than prior
 - MACD, Momentum and RSI all positive and rising
 - Directional indicators diverging bearishly

- Observations - Against**
- RSI getting up toward prior highs overbought
 - Stochastics suggests overbought
 - Shares still underperforming FTSE100
 - Point & Figure chart shows no breakout yet; hurdle 1680p
 - ADX (trend strength) not particularly strong

News / Broker Comments / Important Dates / Observations **

Gets US FDA approval for Tafenlar for use in lung cancer (13 Jan). UBS says respiratory franchise key for GSK growth, with certain drugs needing to reach critical mass before competitor generics launches (10 Jan). FDA approval for combination use of Mekinist and Tafinlar against melanoma (9 Jan). Investing lots in emerging markets. Corruption in China is an overhang. Lots of Hold ratings could see upgrades. Exposed to drug success. Benefits from defensive/dividend yield demand **Next Event:** Q4 results, 5 Feb

Latest Broker 12m Consensus: 7 x Buy, 17 x Hold, 4 x Sell (Source: Digital Look, Alpha Terminal, Bloomberg) (U = Upgrade / D = Downgrade)
16-Jan, Credit Suisse, Underperform, TP 1500p; **14-Jan**, JPMorgan, Hold, TP 1750p; **10-Jan**, UBS, Hold, TP 1650p; **19-Dec**, Jefferies, Hold, TP 1700p; **17-Dec**, Deutsche, Hold (D), TP 1700p (D); **12-Dec**, Barclays, Hold, TP 1545p; **21-Nov**, Citi, Hold, TP 1810p;



Stock description

GlaxoSmithKline PLC is a research-based pharmaceutical company. The Company develops, manufactures, and markets vaccines, prescription, and over-the-counter medicines, as well as health-related consumer products. GlaxoSmithKline provides products for infections, depression, skin conditions, asthma, heart & circulatory disease, and cancer (FTSE 100)

Graph: 1-year (daily)

Stock last used as Trade Idea;
19-Feb-2013

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

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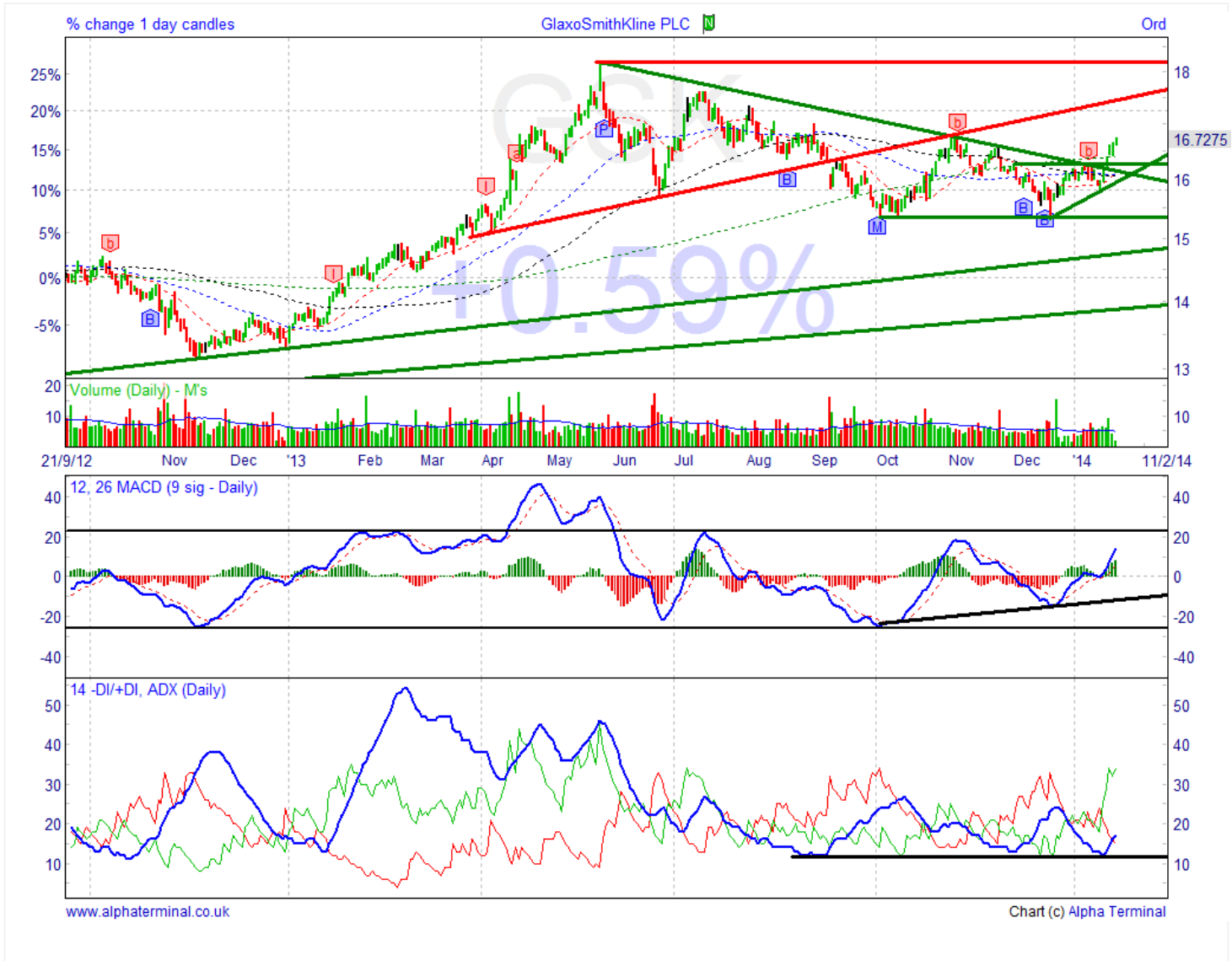
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Graph: 1.5-year (daily) - ADX and Directional Indicators, MACD & Volume



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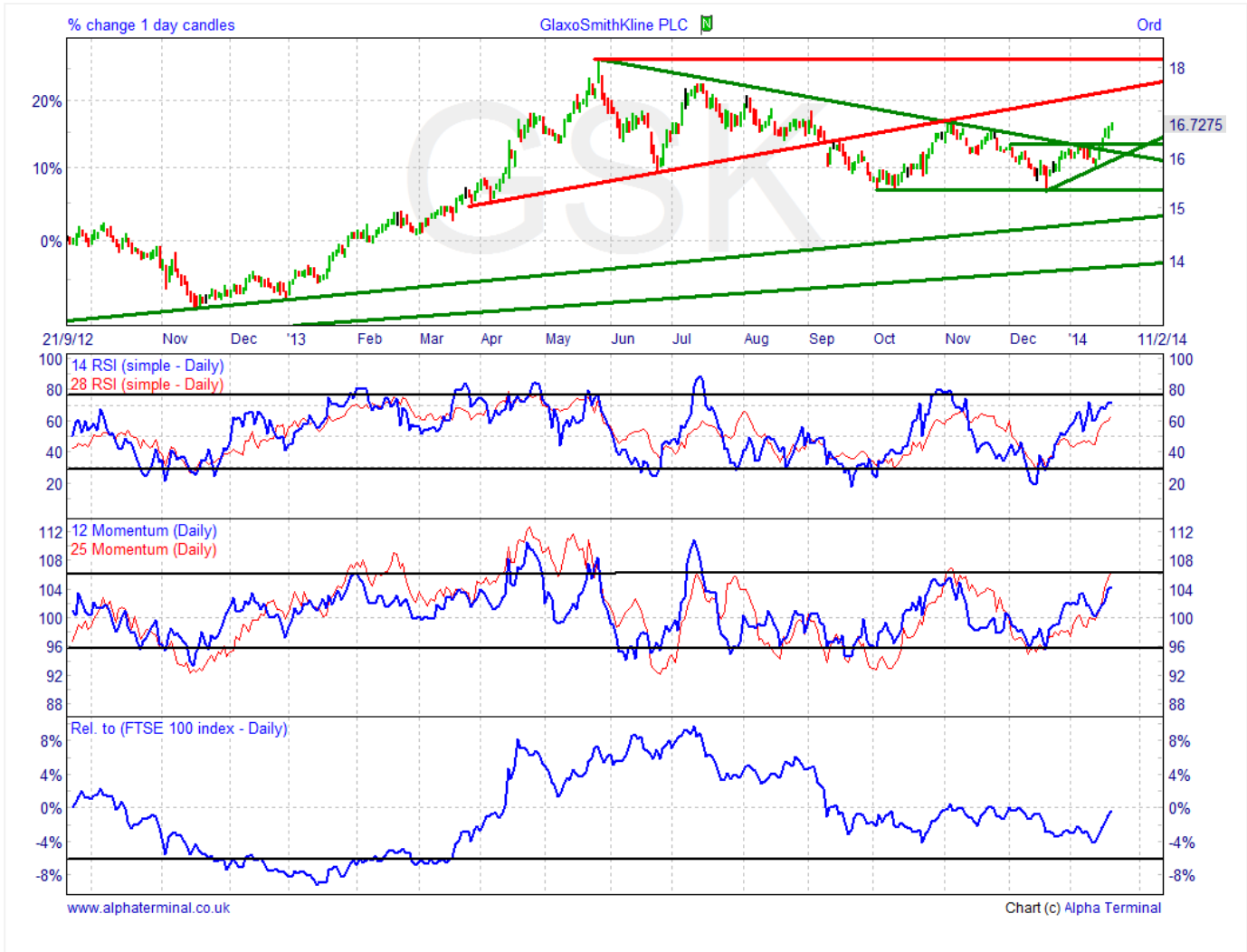
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Graph: 1.5-year (daily) - RSI, Momentum and Performance relative to FTSE 100



Share Perf %	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
	5.08	7.96	6.45	18.86	17.32	43.19	33.95	37.59

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