

Buy – Imperial Tobacco (IMT)

January 3, 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:				
Open	Stop Loss	Limit/Target	Reward vs. Risk	CFD Margin
2397p	57p (2340p)	2540p	2.5x	5%

Technical Observations - For

- Shares bounced near long-term support after big decline
- MACD slowed up; Directional Indicators converging bullishy
- RSI turned up from extreme oversold
- Momentum ticked back up
- Trade idea is reversal of profitable 6 Dec short trade ([link](#))

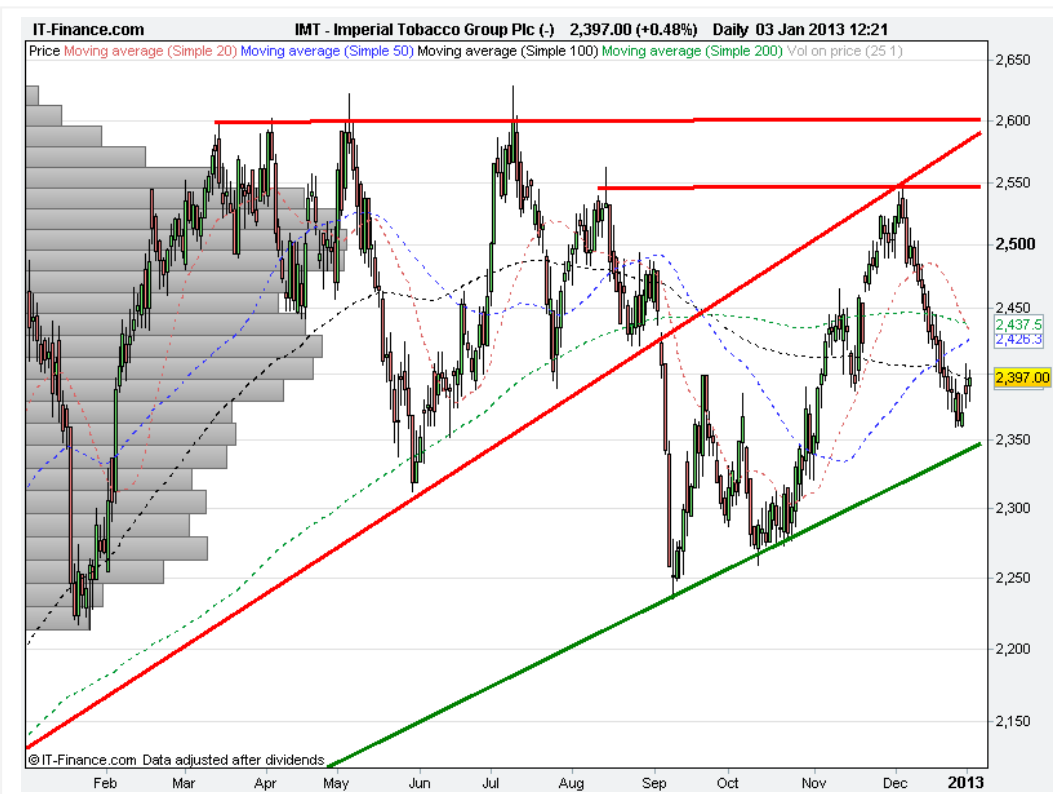
Technical Observations - Against

- Shares below 200-day moving average
- MACD still negative
- Shares still underperforming versus FTSE100
- ADX (trend strength) of decline still strong
- Momentum not yet gone positive

News / Broker Comments / Important Dates / Observations **

Company buying back shares can be supportive for share price (20 Dec). Citigroup says details of EU tobacco directive suggest crackdown on marketing freedom, with 75% of packaging being covered in health warnings (17 Dec). SocGen still keen on Tobacco citing share price underperformance not reflecting earnings momentum (7 Dec). Shares may benefit from rotation out of risk and into defensives after markets rallied into end of year. **Next Event:** Ex-dividend, 16 Jan; Interim management statement, 1 Feb

Latest Broker 12m Consensus: 12 x Buy, 9 x Hold, 1 x Sell (Source: Digital Look & AlphaTerminal) (U = Upgrade / D = Downgrade) **20-Dec**, Nomura, Reduce, TP 2510p (U); **17-Dec**, Oriel, Buy, TP 2900p; **13-Dec**, Barclays, Equalweight, TP 2725p; **7-Dec**, SocGen, Buy, TP 2800p (U); **5-Dec**, ExaneBNP, Underperf, TP 2450p; **4-Dec**, Canaccord, Buy, TP 2800p; **3-Dec**, Citigroup, Neutral, TP 2650p



Stock description

Imperial Tobacco Group plc is an international tobacco company that manufactures, markets, and sells a range of cigarettes, tobaccos, rolling papers, and cigars (FTSE100)

Graph: 1-year (daily)

Stock last used as Trade Idea; 6-Dec-2012

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

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



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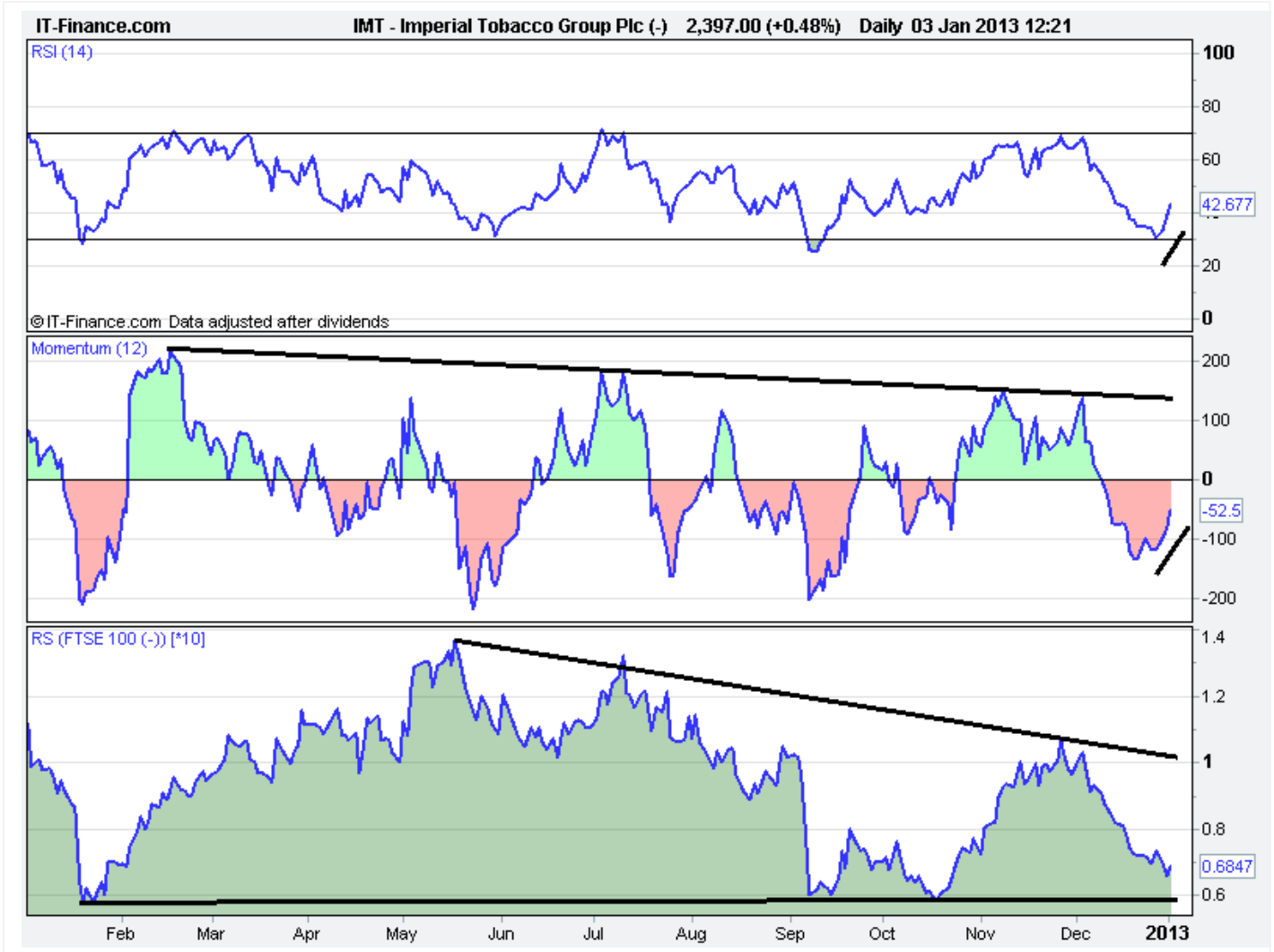
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Graph: 1-year (daily) - RSI, Performance relative to FTSE 100



Share Perf %	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
	10.15	-3.98	-5.16	-1.86	19.16	22.95	28	6.38

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