

Buy – Marks & Spencer (MKS)

October 1, 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
502p	480p (22p/4.4% below)	566p (64p/12.% above)	2.9x	5%

Observations - For

- Shares accelerated out of 4yr sideways range; volume popped
- Broken back above 490p recently after break below in Jan 08
- Directional indicators diverging bullishish
- RSI down near oversold; Momentum down near recent lows
- Shares been outperforming FTSE100 since April

Observations - Against

- RSI not quite oversold yet
- MACD turned down
- Momentum not back positive yet
- Stochastics inconclusive
- 200-day moving average support well below (428p)

News / Broker Comments / Important Dates / Observations **

HSBC upgrades saying MKS is most operationally geared play on UK consumer recovery. New Autumn/Winter designs hit stores from Q2, and last time major launch sales benefited by 4-7% over next 4 quarters (5 Sept). Citigroup upgrades on combination of recent and material upgrades to UK economic growth forecasts and M&S management initiatives improving credibility of double-digit FY15/16 EPS growth forecasts (27 Aug). Diverse retailer with food clothing and homeware. **Next Event:** H1 Results, 5 Nov; Ex-div 13 Nov

Latest Broker 12m Consensus: 11 x Buy, 6 x Hold, 4 x Sell (Source: Digital Look, Alpha Terminal) (U = Upgrade / D = Downgrade)
25-Sept, ExaneBNP, Underperform, TP 390p; **23-Sept,** BoA-ML, Buy, TP 525p; **18-Sept,** Nplus1, Buy, TP 650p; **12-Sept,** SocGen, Buy, TP 581p; **5-Sept,** HSBC, Overweight (U), TP 550p (U); **4-Sept,** Citigroup, Buy, TP 535p; **4-Sept,** Barclays, Underweight, TP 350p



Stock description

Marks & Spencer Group PLC is a holding company. The Company, through its subsidiaries, provides retail of clothing, food and home products. (FTSE 100)

Graph: 6-year (daily)

Stock last used as Trade Idea; 5-Nov-12

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

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Graph: 18-month (daily) - ADX and Directional Indicators, MACD & Volume



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Graph: 18-month (daily) - RSI, Momentum and Performance relative to FTSE 100



Share Perf %	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
	0.15	3.78	8.22	38.9	60.09	27.58	38.83	120.89

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