

Buy – National Grid (NG)

January 23, 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
799p	780p (19p/2.4% below)	850p (51p/6.4% above)	2.7x	5%

Observations - For

- 4-year uptrend; 2yr rising channel; breakout above prior highs
- MACD positive and rising
- Directional indicators diverging bullishy
- Momentum positive and with rising support
- Stochastics found support at recent price lows 770p

Observations - Against

- ADX (trend strength)) not very strong
- RSI in middle of range
- Shares still underperforming FTSE100
- High upper wick on candlestick today
- 200-day moving average (support) below suggests stops

News / Broker Comments / Important Dates / Observations **

Whitman Howard tapering could shape near-term future for NG, leaving it more exposed than other UK utilities, as US ownership by funds may be re-evaluated (16 Dec). Moody's places 4 US utilities owned by NG on review for upgrade (13 Dec). UBS upgrades European utilities to Neutral from underperform (13 Dec). Credit Suisse says investors overlook risks in EU utilities; over-gearred, ratings downgrades (5 Dec). Defensive qualities when risk appetite drops. Attractive 5.3% dividend yield. **Next Event:** Interim statement, 30 Jan

Latest Broker 12m Consensus: 5 x Buy, 0 x Hold, 3 x Sell (Source: Digital Look, Alpha Terminal, Bloomberg) (U = Upgrade / D = Downgrade)
23-Jan, JPMorgan, Hold, TP 805p (U); **16-Jan**, Credit Suisse, Buy, TP 800p; **25-Nov**, SocGen, Sell, TP 730p; **22-Nov**, Deutsche, Sell, TP 660p; **22-Nov**, ExaneBNP, Hold, TP 780p; **11-Nov**, Citigroup, Hold, TP 820p; **11-Nov**, Morningstar, Hold, TP 800p



Stock description

National Grid PLC is an investor-owned utility company which distributes gas. The PLC owns and operates the electricity transmission network in England and Wales, the gas transmission network in Great Britain, and electricity transmission networks in the Northeastern United States. National Grid also operates the electricity transmission networks in Scotland (FTSE 100)

Graph: 1-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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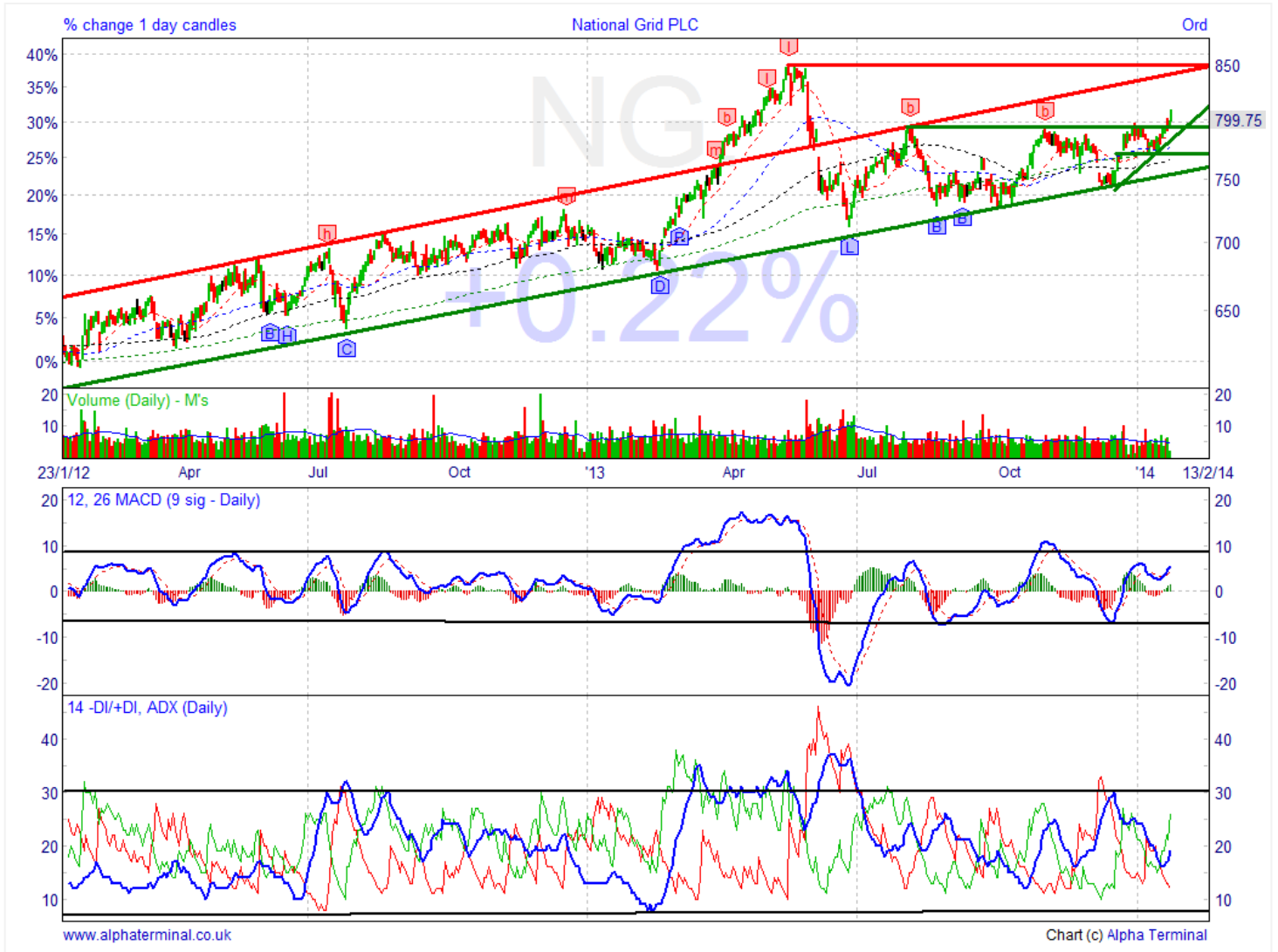
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Graph: 1.5-year (daily) - ADX and Directional Indicators, MACD & Volume



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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
	2.23	1.72	2.37	14.68	29.43	46.61	43.12	41.88

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