

Buy – Rolls Royce (RR.)

November 6, 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
1150p	1120p (30p/2.6% below)	1225p (75p/6.5% above)	2.5x	5%

- Observations - For**
- Bullish flag pattern
 - Bounce off falling support
 - RSI in uptrend
 - Momentum rising
 - Outperformance of FTSE100 found support

- Observations - Against**
- Indicators don't suggest oversold
 - Point & Figure suggests resistance at recent high
 - Directional Indicators inconclusive
 - Shares might not break above recent high
 - 200-day moving average support well near stops.

News / Broker Comments / Important Dates / Observations **

RR signs oil rig equipment contract worth £22m (24 Oct). Fitch says RR well placed to withstand declines in demand and does not see weak cash flow as risk (11 Oct). RR wins support contracts worth \$500m with US government (7 Oct). RR and United Technologies say won't proceed with JV plan (19 Sept). RR receives \$1.5bn engine order from Lufthansa for 25 aircraft (19 Sept). Wins gas turbine design pact for Royal Navy (11 Sept). Signs \$175 pact to power Kazakh-China Nat gas pipeline (10 Sept). **Next Event: Interim report, 8 Nov**

Latest Broker 12m Consensus: 9 x Buy, 3 x Hold, 5 x Sell (Source: Digital Look, Alpha Terminal) (U = Upgrade / D = Downgrade)
19-Sept, Investec, Add (D), TP 1180p (D); **19-Sept**, Charles, Add; **19-Sept**, Deutsche, Hold, TP 1020p (U); **19-Sept**, Liberum, Buy, TP 1340p; **13-Sept**, Morgan Stanley, Overweight, TP 1300p; **29-Aug**, BoA-ML, Buy, TP 1370p; **26-Jul**, ExaneBNP, Buy, TP 1365p (U)



Stock description

Rolls-Royce Holdings PLC manufactures aero, marine and industrial gas turbines for civil and military aircraft. The Group designs, constructs and installs power generation systems, transmission and distribution systems, and equipment for the marine propulsion, oil and gas pumping, and defense markets. (FTSE 100)

Graph: 6-month (daily)

Stock last used as Trade Idea;
10-Jul-12

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

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Graph: 6-month (daily) - ADX and Directional Indicators, MACD & Volume



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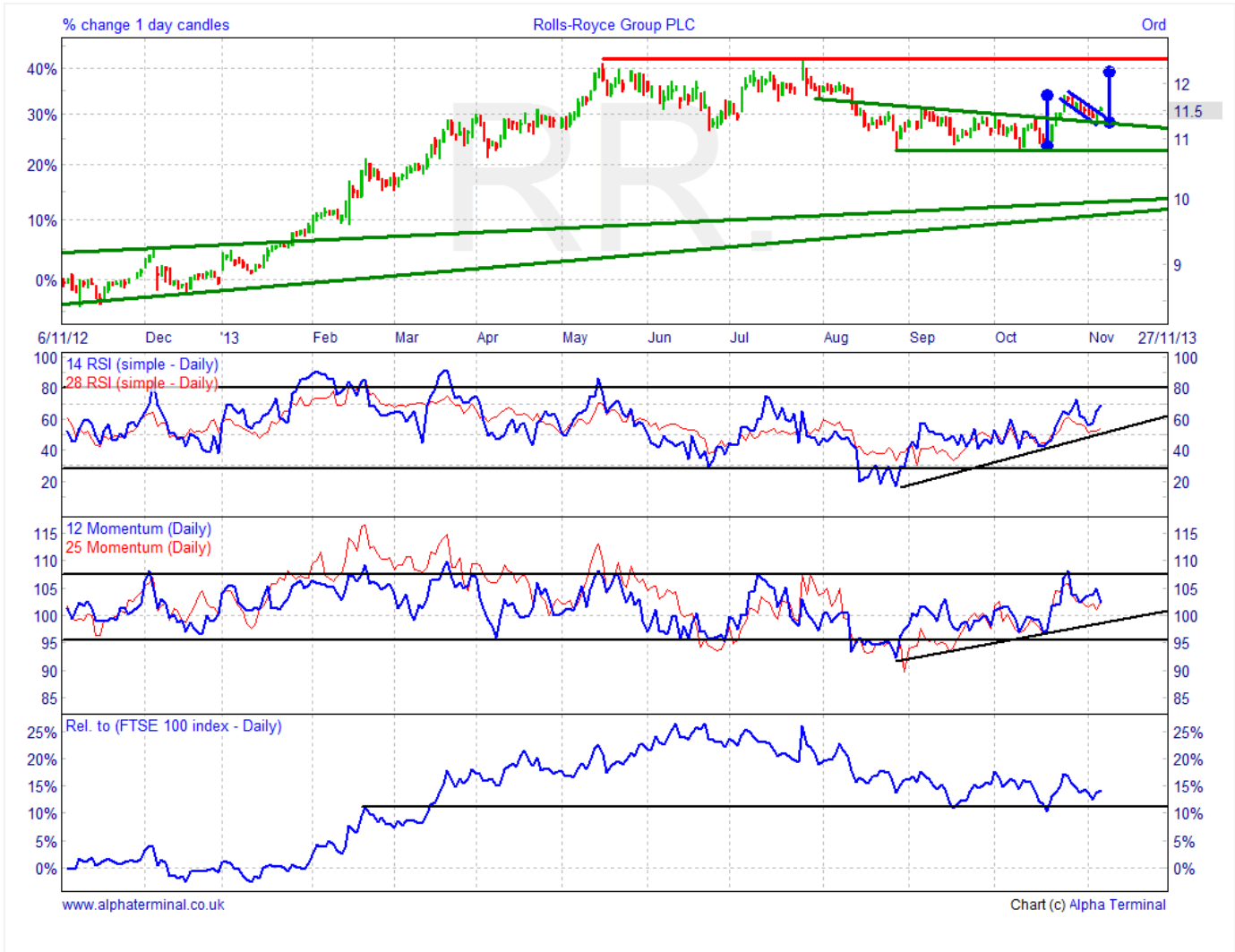
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Graph: 1-year (daily) - RSI, Momentum and Performance relative to FTSE 100



Share Perf %	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
	-0.91	4.6	-0.65	33.12	61.33	95.49	146.04	297.75

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