

Buy – RSA Insurance (RSA)

January 28, 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
131.1p	5.1p (126p)	145p	2.7x	10%

Technical Observations - For

- Shares broken out from bullish flag pattern
- Potential upside to major prior highs 145p
- Bullish cross by directional indicators
- MACD shows rising highs
- Momentum positive and rising lows

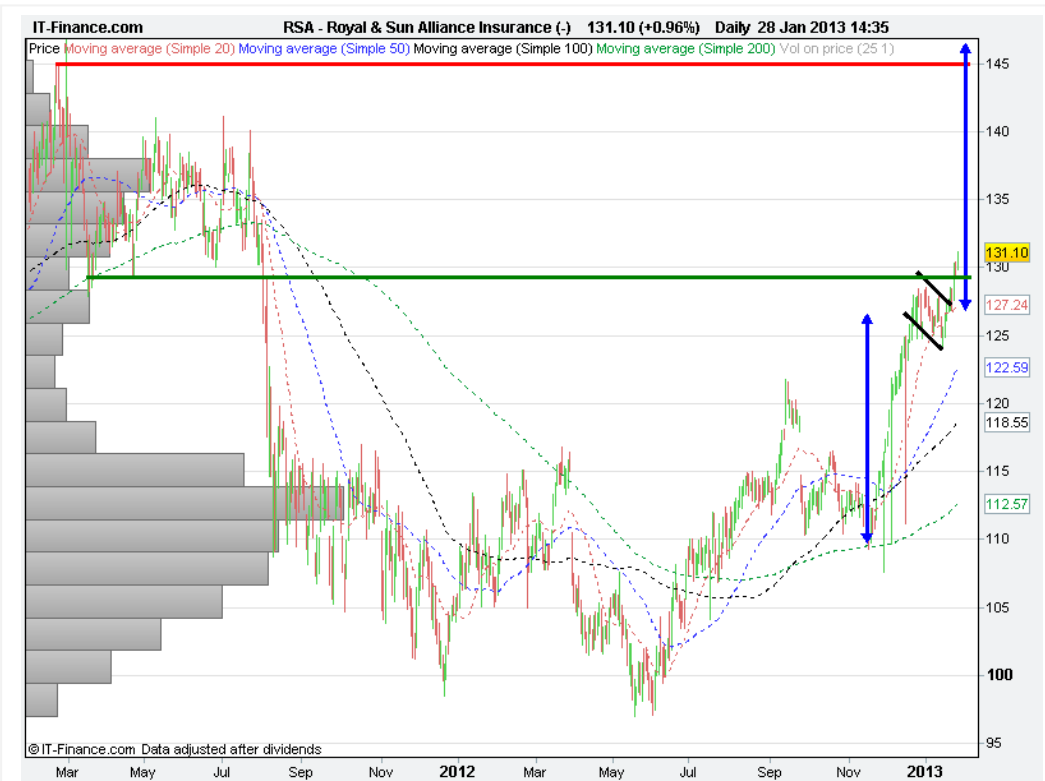
Technical Observations - Against

- RSI close to going overbought
- Shares been underperforming FTSE100
- ADX (trend strength) lows
- Volume did not increase on break up
- No support from mobbing major averages

News / Broker Comments / Important Dates / Observations **

Fitch affirms RSA's Insurer Financial Strength rating at 'A'; Outlook Stable (24 Jan). Shore Capital recommends RSA among stock with more upside in insurance sector (9 Jan). BoA-ML downgrades European insurance stocks after stellar 2012, lowers RSA to neutral, seeing better earnings growth in banks sector (8 Jan). Deutsche upgrades to Hold saying low interest rates will continue to be headwind to earnings and balance sheet in 2013, but likes 8% dividend yield (3 Dec). **Next Events:** Q4 2012 and Full year results, 20 Feb

Latest Broker 12m Consensus: 6 x Buy, 8 x Hold, 4 x Sell (Source: Digital Look, AlphaTerminal, Brokerforecasts.com) (U = Upgrade / D = Downgrade)
24-Jan, Deutsche, Buy, TP 140p; **21-Jan**, Numis, Hold; **14-Jan**, Credit Suisse, Neutral, TP 130p (U); **8-Jan**, Bank of America, Neutral (D), TP 120p; **7-Jan**, Investec, Sell (D); **17-Dec**, Daniel Stewart, Hold; **23-Nov**, ExaneBNP, Outperform, TP 150p; **8-Nov**, Panmure, Hold;



Stock description

RSA Insurance Group PLC is a worldwide commercial insurer. The Company provides property, automobile, liability, and specialty insurance products. (FTSE100)

Graph: 2-year (daily)

Stock last used as Trade Idea;
10-Oct-2011

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

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Graph: 2-year (daily) - MACD, ADX and Directional Indicators



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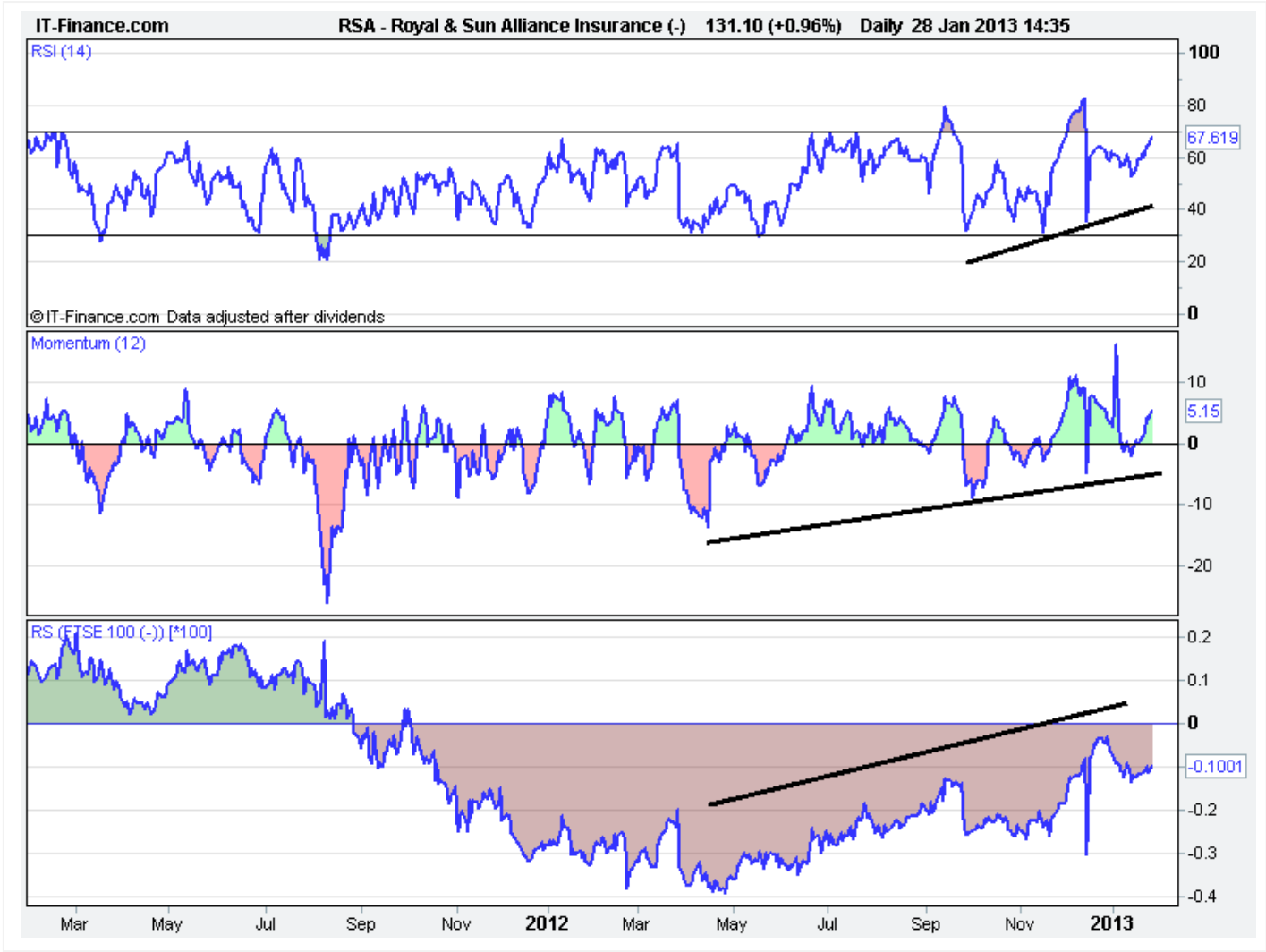
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Graph: 2-year (daily) - RSI, Performance relative to FTSE 100



Share Perf %	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
	3.07	2.82	17.58	22.64	-3.1	1.47	-0.83	-0.91

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