

Buy – Serco (SRP)

January 30, 2013

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Trade parameters:				
Open 560p	Stop Loss 15p (545p)	Limit/Target 600p	Reward vs. Risk 2.7x	CFD Margin 10%

Technical Observations - For

- Shares found support over last 7 sessions
- Shares got support from 200-day moving average
- Shares in rising trend since mid-December
- Potential pause before resumption of uptrend
- MACD, Momentum & RSI positive; ADX (trend strength) rising

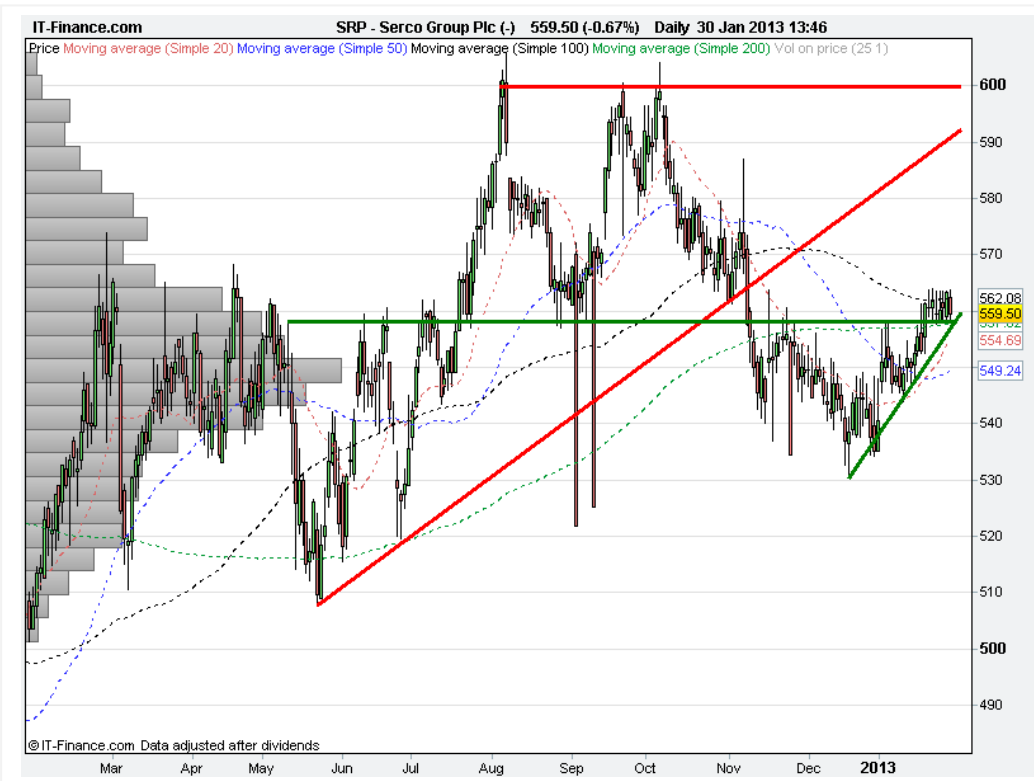
Technical Observations - Against

- Resistance at highs of 564p since mid-Nov
- Shares been underperforming FTSE100
- Stochastics suggest overbought
- MACD advances slowed up
- 100-moving average been a hurdle over last 7 sessions

News / Broker Comments / Important Dates / Observations **

Serco expected to leave FTSE100 index in quarterly rejig on March 6 says SocGen (28 Jan). Company gets 18-month £100m extension to DLR operating contact on behalf of TFL (7 Jan). Espirito Santo upgrades to Buy from Neutral and ups TP to 630p from 560p seeing scope for shares to outperform in 2013 on modest organic growth and cash generation and unwarranted valuation discount to peers (3 Jan). Shore sees operational update as in-line with November trading statement (20 Dec). **Next Events:** 2012 FY Results, 6 Mar

Latest Broker 12m Consensus: 10 x Buy, 10 x Hold, 1 x Sell (Source: Digital Look, AlphaTerminal, Brokerforecasts.com) (U = Upgrade / D = Downgrade)
3-Jan, Espirito, Buy (U); **20-Dec**, Seymour, Buy, TP 700p; **20-Dec**, Westhouse, TP 603p; **13-Dec**, JPMorgan, Overweight, TP 646p; **12-Dec**, Morgan Stanley, Equalweight, TP 590p; **12-Dec**, Barclays, Equalweight, TP 600p; **10-Dec**, Shore, Buy; **30-Nov**, Berenberg, Hold,



Stock description

Serco Group plc provides outsourcing services to governments, international agencies, and corporations located throughout the world. The Company manages facilities, projects, and information technology systems. Serco runs scientific establishments, provides critical information to manage traffic, maintains buildings, and operates railways. (FTSE100)

Graph: 2-year (daily)

Stock last used as Trade Idea;
2-Nov-2012

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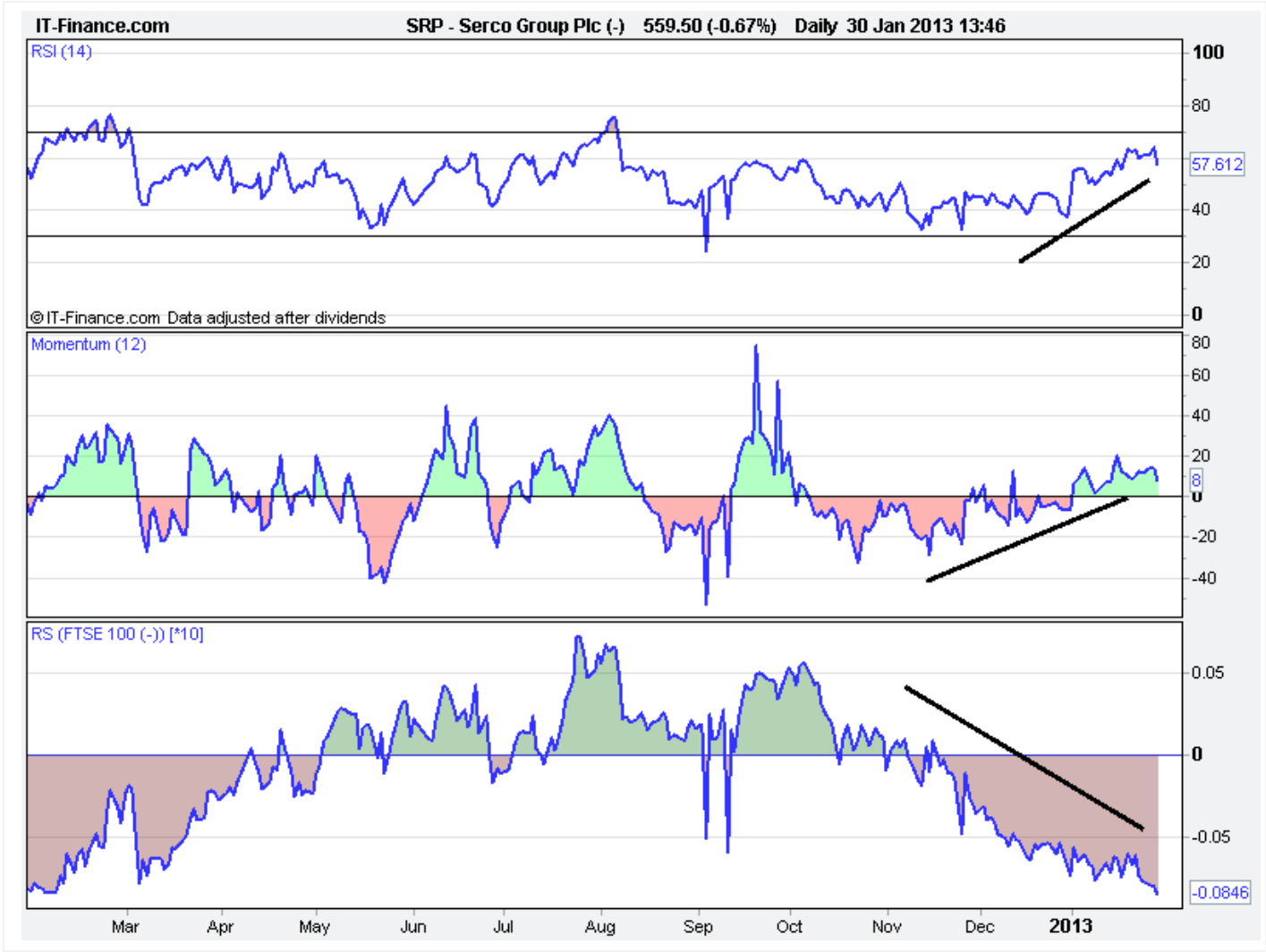
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Graph: 2-year (daily) - RSI, Performance relative to FTSE 100



Share Perf %	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
	-0.22	4.53	-3.41	10.09	0.77	9.76	25.96	28.18

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