

Buy – Tullow Oil (TLW)

July 19, 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
1108p	1075p (33p/3.0% below)	1210p (9.2%/102p above)	3.1x	5%

Observations - For

- Shares in 17-month downtrend, but bounced
- MACD made breakout to 16-month high
- Momentum still nicely positive; RSI not properly overbought
- Break above 100-day MA
- ADX (trend strength) weakened as downtrend progressed

Observations - Against

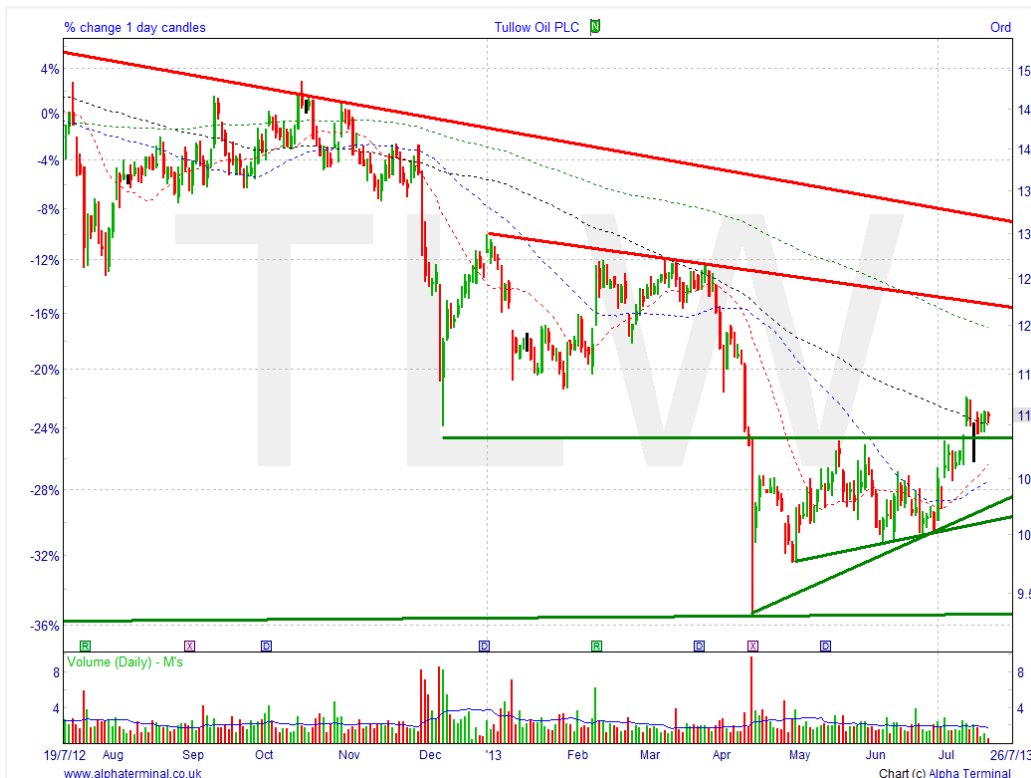
- RSI near recent overbought; Momentum not yet made breakout
- Declining volumes since breakout (but it is summer)
- Stochastics suggests overbought
- 200-day MA could be resistance at 1200p
- Shares been underperforming FTSE100

News / Broker Comments / Important Dates / Observations **

SocGen cuts to Hold from Buy, after recent stock price outperformance, catalysts priced in. High risk wells in Mozambique, French Guiana and Kenya (15 Jul). Uganda invites China to further invest in infrastructure (9 Jul). Investec says company update positive, but challenges remain (3 Jul). Morgan Stanley says H1 shows ast Africa progress (3-Jul). Canaccord cuts TP to 1050p from 1150p on stretched valuation (2 Jul). Rising oil price justifies more expensive projects. **Next Event:** H1 results 31 Jul; Q3 results, 13 Nov

Latest Broker 12m Consensus: 16 x Buy, 6 x Hold, 4 x Sell (Source: Digital Look, Alpha Terminal, Brokerforecasts.com) (U = Upgrade / D = Downgrade)

15-Jul, SocGen, Hold (D), TP 1200p; **9-Jul**, UBS, Neutral, TP 1150p (U); **8-Jul**, Morgan Staley, O'weight, TP 1730p; **4-Jul**, BoA, Buy, TP 1631p (U); **3-Jul**, JPMorgan, O'weight; **3-Jul**, Investec, Sell, TP 930p; **3-Jul**, Credit Suisse, Neutral; **3-Jul**, Jefferies, Buy, TP 1500p



Stock description

Tullow Oil plc explores for and produces oil and gas. The Group's assets are in Africa, Europe, South America and Asia. (FTSE 100)

Graph: 1-year (daily)

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

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

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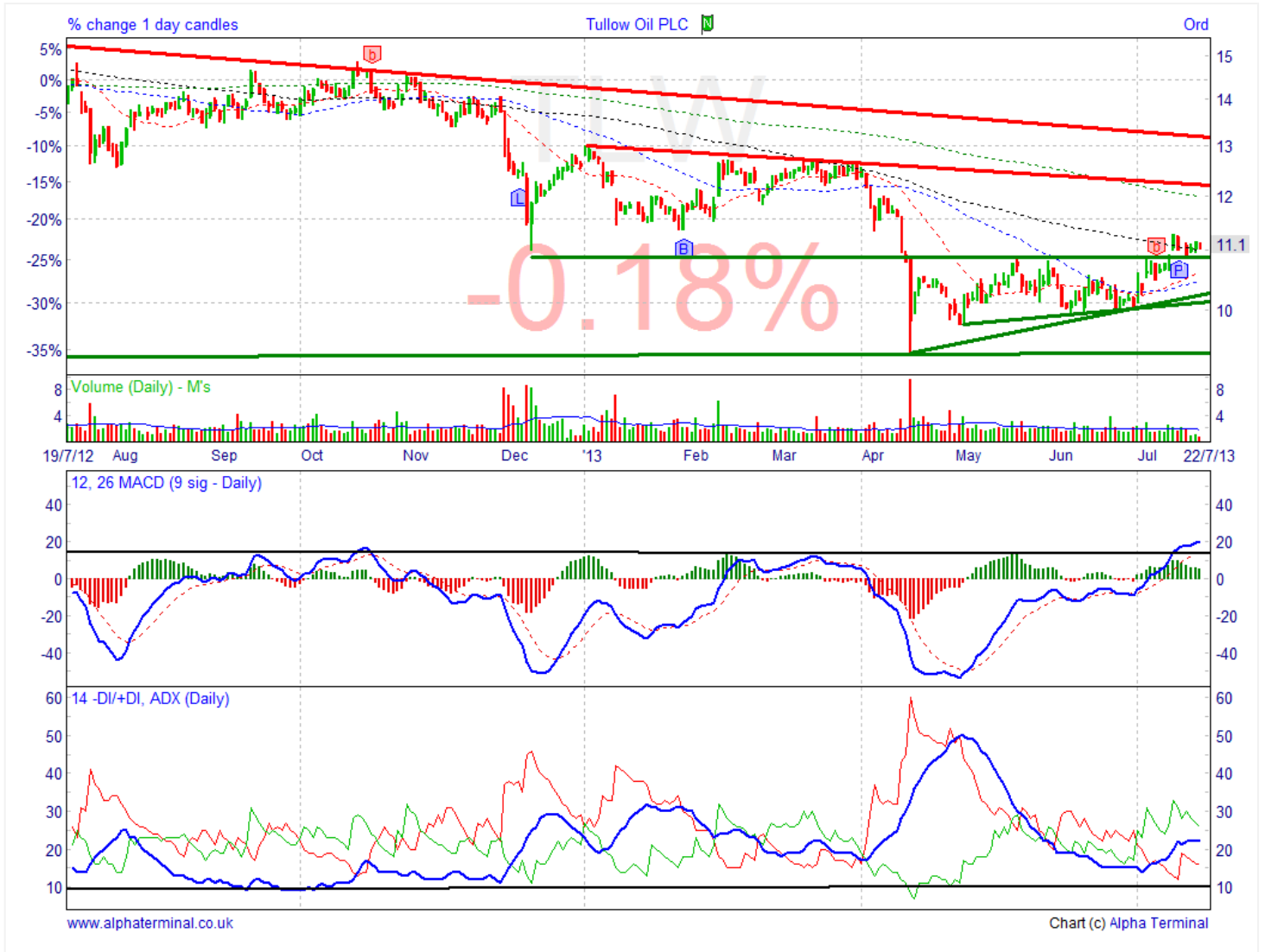
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Graph: 1-year (daily) - ADX and Directional Indicators, MACD & Volume



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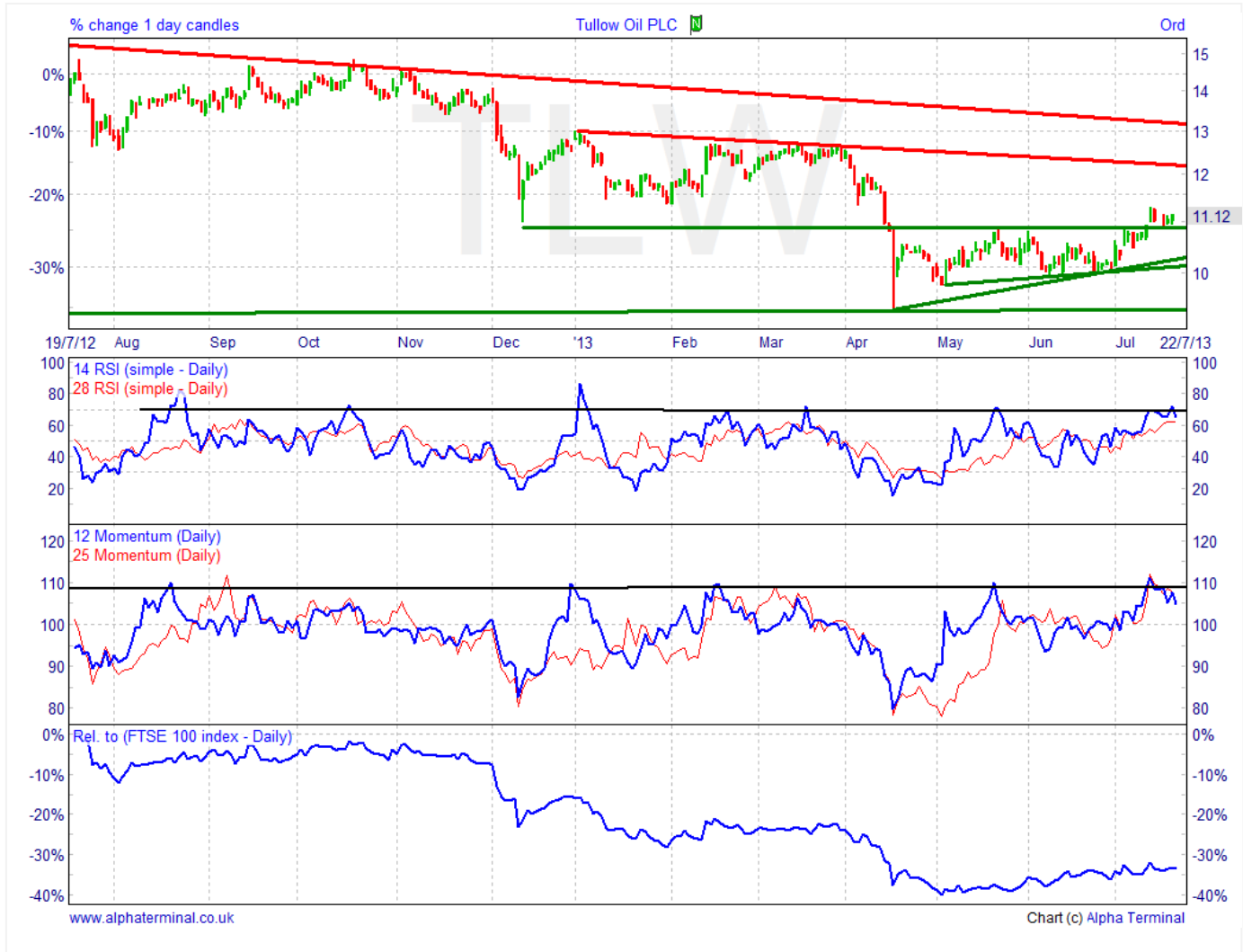
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Graph: 1-year (daily) - RSI, Momentum and Performance relative to FTSE 100



Share Perf %	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
	-1.16	9.13	7.23	-22.24	-14.59	-5.68	12.44	48.27

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