

Sell – Centrica (CNA)

December 14, 2012

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
335.3p	9.7p (345p)	310p	2.6x	5%

Technical Observations - For

- Shares struggling near recent highs
- MACD slowed up near trendline of rising highs
- Positive directional indicator turned down
- RSI turned down from overbought and prior highs
- Momentum topped out at prior highs; Stochastics overbought

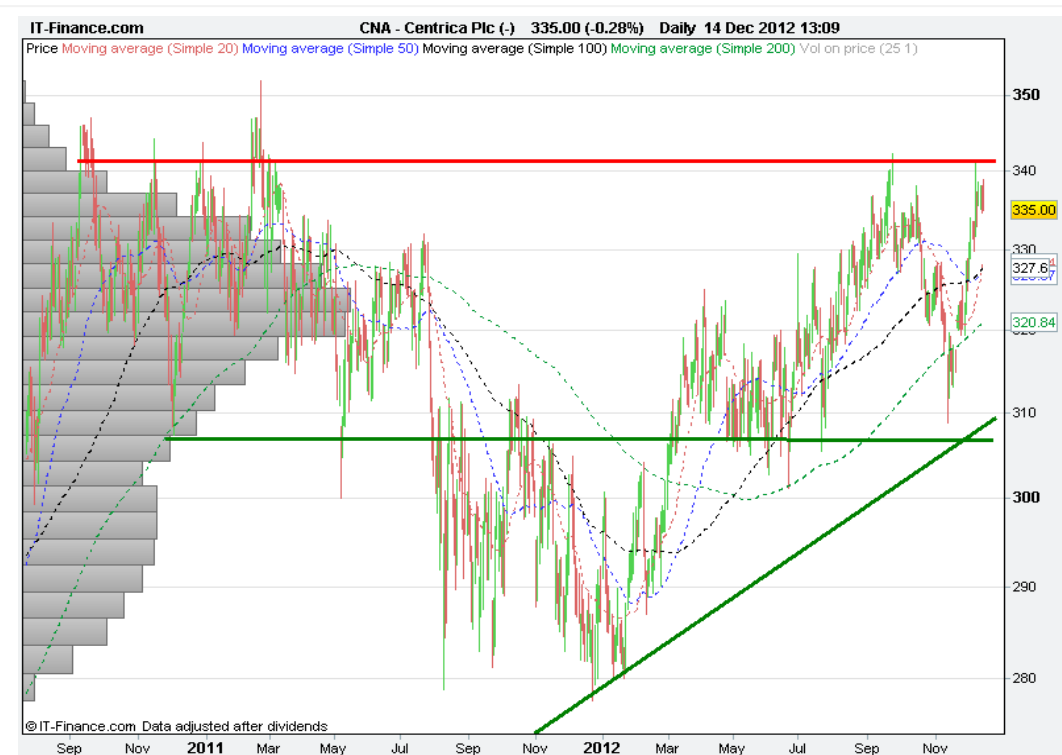
Technical Observations - Against

- Shares not yet fallen decisively
- MACD not turned won below signal
- ADX (trend strength) still strong
- Support could kick in at 200-day MA (320p)
- Shares in long term uptrend; 20-day MA made bullish cross

News / Broker Comments / Important Dates / Observations **

Company says thinking about £500m share buyback to return cash to shareholders (2 Dec). Morgan Stanley cuts European utilities sector to Neutral (26 Nov). Goldman Sachs says government consultation paper on changes to household gas and electricity tariffs lessens regulatory uncertainty (21 Nov). Company expects to deliver on full year growth targets (15 Nov). UK gas and Electricity Power companies increasing prices. Utilities sector often considered slow moving. 4.9% dividend yield. **Next Event:** Prelim FY results, end-Feb

Latest Broker 12m Consensus: 7 x Buy, 7 x Hold, 2 x Sell (Source: Digital Look & AlphaTerminal) (U = Upgrade / D = Downgrade) **13-Dec**, Credit Suisse, Neutral, TP 325p; **3-Dec**, Citigroup, Buy (U), TP 360p; **30-Nov**, ExaneBNP, Underperform, TP 280p; **26-Nov**, Barclays, underweight, TP 305p; **22-Nov**, JPMorgan, Overweight, TP 365p; **16-Nov**, Davy, Hold, TP 320p; **16-Nov**, SocGen, Buy;



Stock description

Centrica PLC is an integrated energy company offering a wide range of home and business energy solutions. The Company sources, generates, processes, stores, trades, saves and supplies energy and provides a range of related services. (FTSE100)

Graph: 2-year (daily)

Stock last used as Trade Idea; N/A

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

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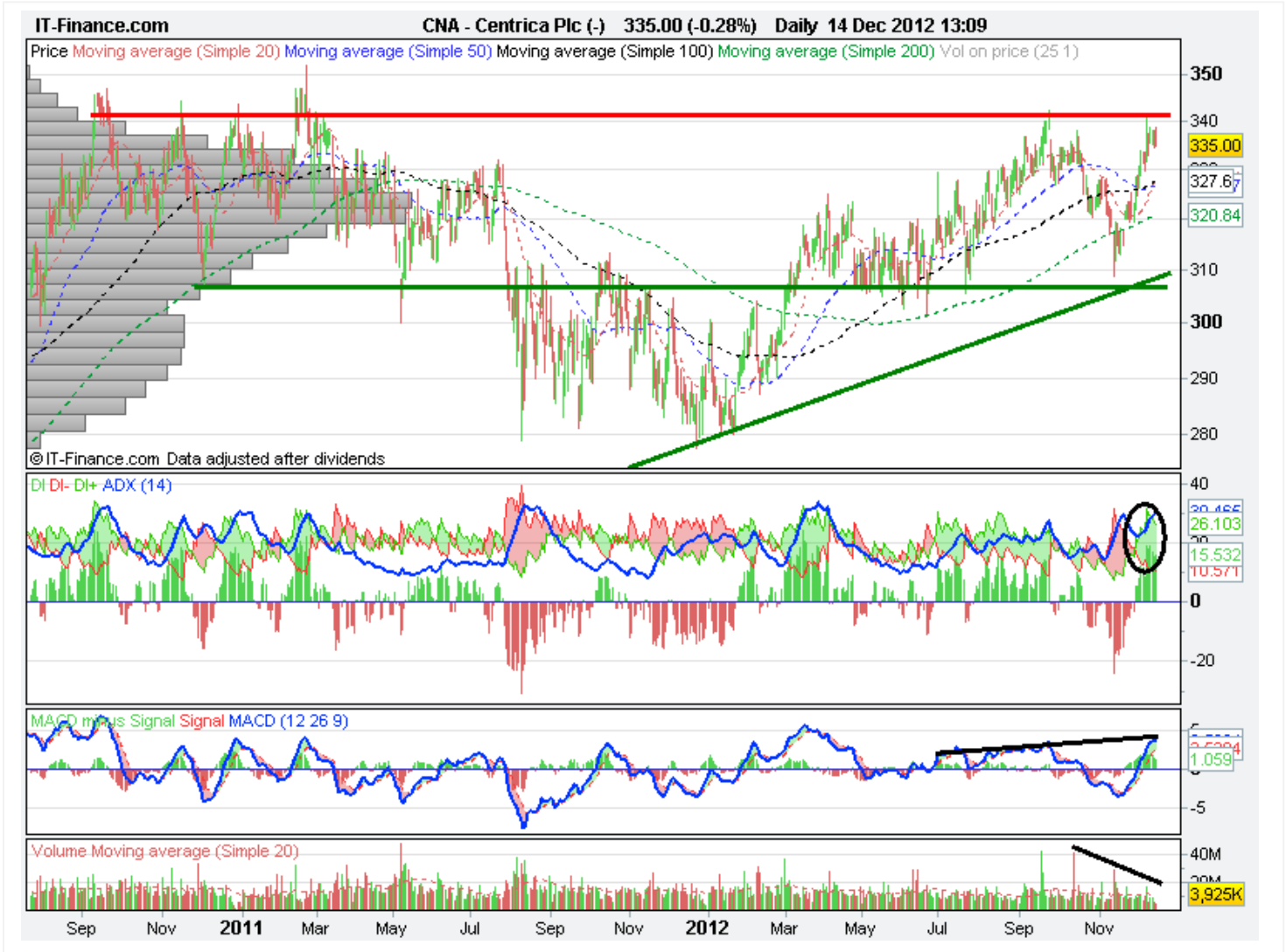
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Graph: 2-year (daily) - ADX and Directional Indicators, MACD & Volume



Moving averages on price:
Green: 200-period, Black: 100-period, Red: 50-period, Red: 20-period

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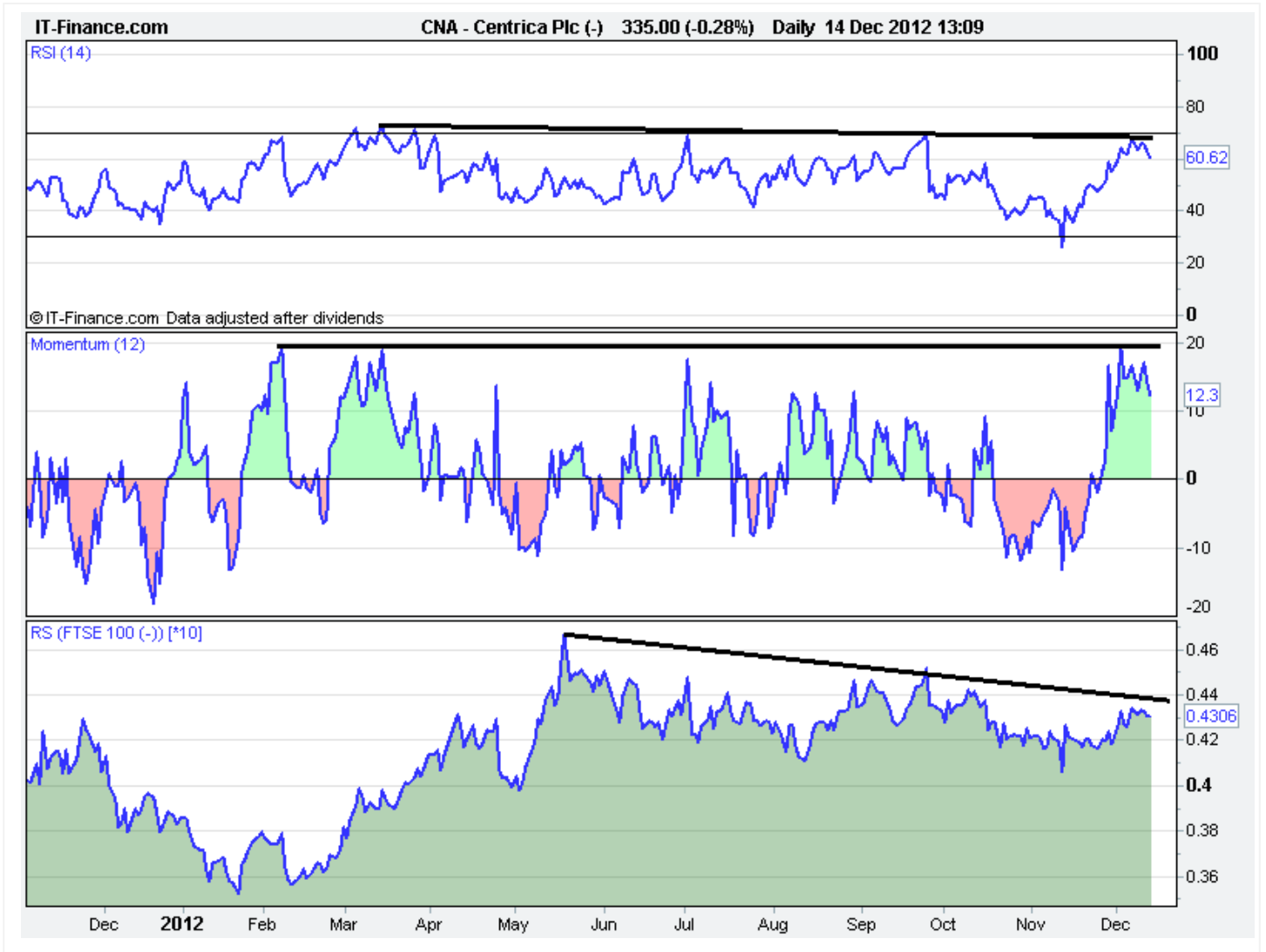
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Graph: 2-year (daily) - RSI, Momentum and Performance relative to FTSE 100



Share	1wk	1m	6m	1yr	2yr	3yr	4yr	5yr
Perf %	1.12	5.94	6.58	16.83	0.42	25.11	32.27	3.22

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