

Sell – Centrica (CNA)

August 5, 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 389p	Stop Loss 400p (11p/2.8% above)	Profit Limit 360p (29p/7.5% below)	Reward vs. Risk 2.6x	CFD Margin 5%
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Technical Observations - For

- Shares found resistance at 390-395p for 3rd time
- RSI & Momentum show negative divergence
- DI- at negative extreme; 50-day MA fallen though 100-day
- Stochastics suggests overbought
- 200-day (normally supportive) is down below target

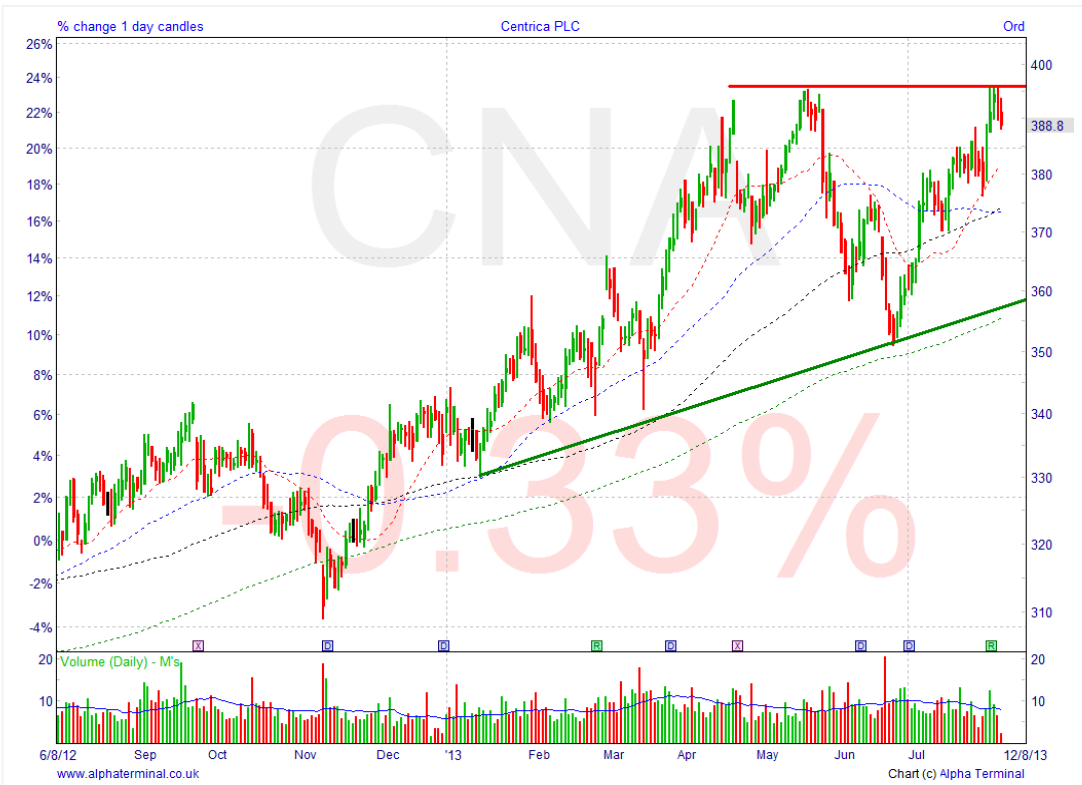
Technical Observations - Against

- MACD not yet turned down
- ADX (trend strength) still rising
- Momentum not yet gone negative
- Shares been outperforming FTSE100
- Point & Figure chart not yet shown reversal

News / Broker Comments / Important Dates / Observations **

Ofgem announces change to methodology for calculating what generators pay to use electricity transmission network, narrowing UK North/South tariff differences (1 Aug). H1 in-line says Liberium, sees no change to consensus. Company leaves guidance (31 Jul). WSJ article suggests not good summer for gas bulls, on bad weather and CNA deal to buy Hess's energy marketing business for \$1bn, suggesting CAN bearish on gas prices (31 Jul). Risk from price spike as sells but doesn't produce gas. **Next Event:** Ex-div, 25 Sept

Latest Broker 12m Consensus: 3 x Buy, 7 x Hold, 5 x Sell (Source: Digital Look, Alpha Terminal, Brokerforecasts.com) (U = Upgrade / D = Downgrade)
1-Aug, ExaneBNP, Sell; **1-Aug**, SocGen, Buy; **8-Jul**, Deutsche, Hold, TP 340p; **4-Jul**, Investec, Buy; **1-Jul**, JPM, Overweight, TP 390p;
19-Jun, Credit Suisse, Underperform, TP 320p; **17-Jun**, Goldman Sachs, Neutral, TP 444p (U); **3-Jun**, Berenberg, Hold, TP 380p (U);



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. (FTSE 100)

Graph: 1-year (daily)

Stock last used as Trade Idea;
14-Dec-12

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

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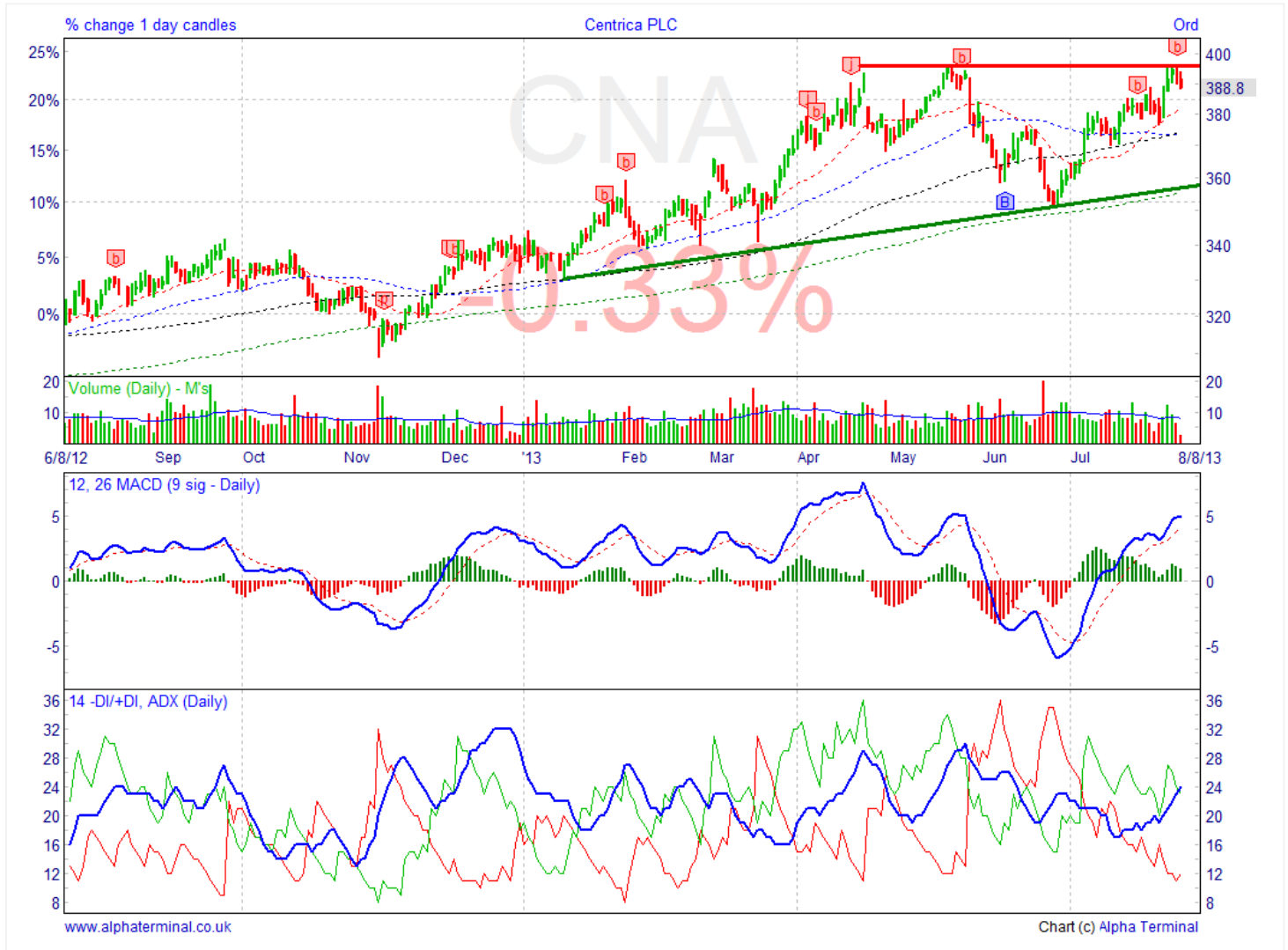
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Graph: 1-year (daily) - ADX and Directional Indicators, MACD & Volume



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

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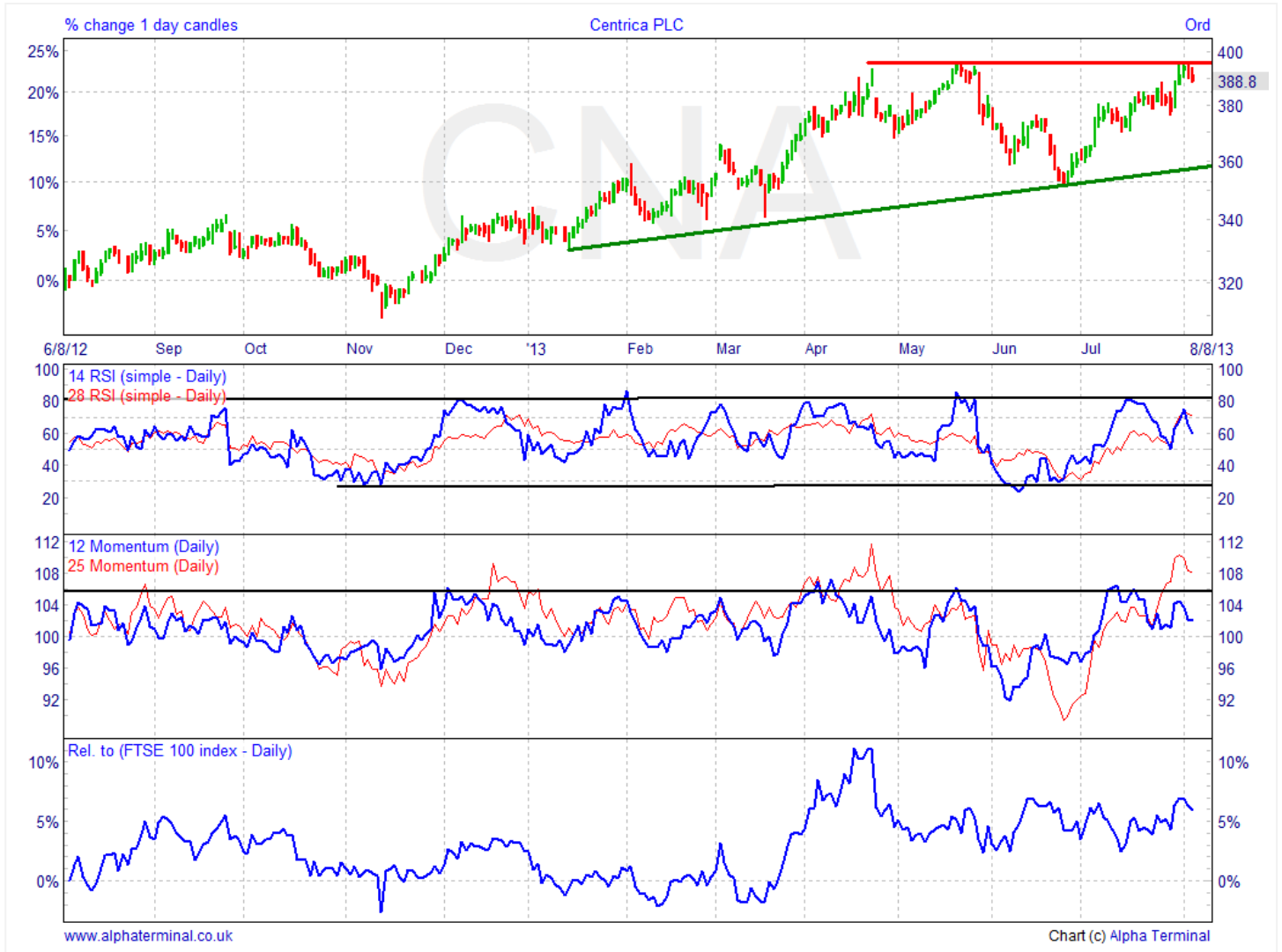
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Graph: 1-year - RSI, MACD and Performance relative to FTSE 100



Share	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
Perf %	2.18	3.76	2.88	21.3	31.92	21	75.81	39.07

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