

Sell – Diageo (DGE)

March 26, 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 | Limit/Target | Reward vs. Risk | CFD Margin |
| 2030p | 40p away (2070p) | 1910p | 3.0x | 5% |

Technical Observations - For

- Shares at top end of defined channel
- MACD topped out at 5-year highs
- Directional; indicators converging bearishly
- Momentum fallen back from recent highs
- Stochastics suggests overbought

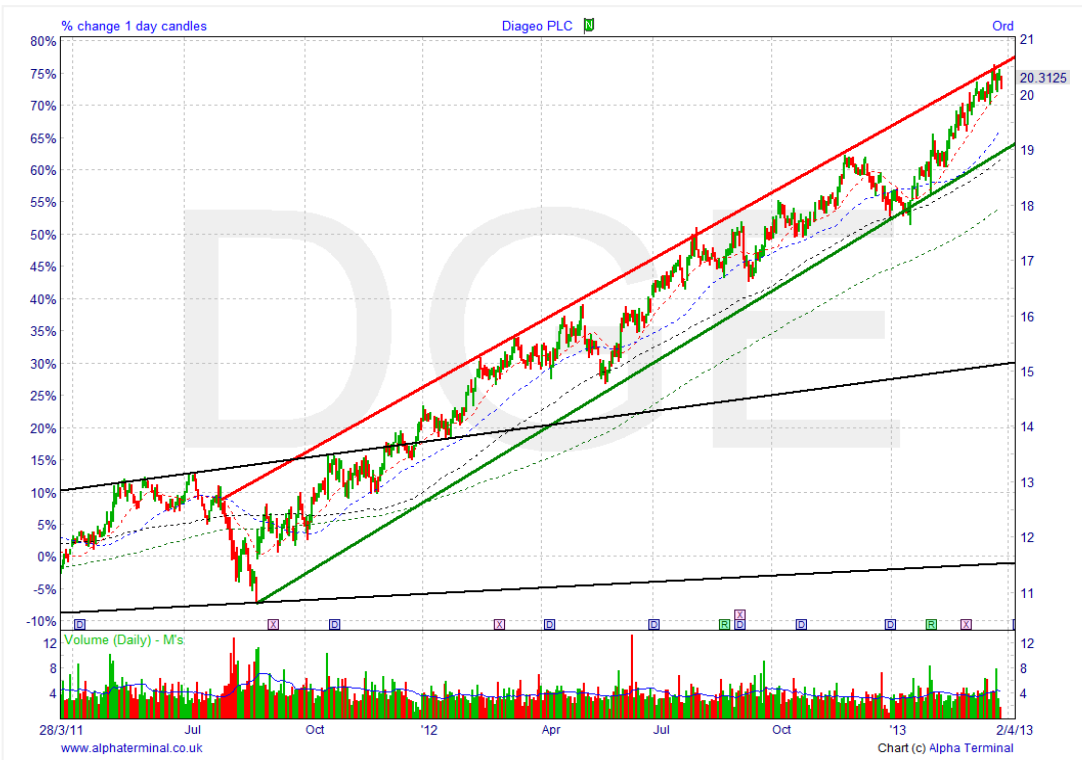
Technical Observations - Against

- Shares in long-term (18-month) uptrend
- Momentum not yet gone negative
- ADX (trend strength) still strong
- MACD not broken below prior highs yet
- Shares still outperforming FTSE100

News / Broker Comments / Important Dates / Observations **

Sunday Telegraph says Diageo in talks to raise stake in Chinese drinks Company ShuiJingFang (24 Mar) Stifel Nicolaus says Buy Diageo in initiation of coverage, saying Smirnoff, Johnnie Walker and Captain Morgan are growing faster than the industry (22 Mar). Oreial says Diageo delivers strong growth and costs savings message (11 Mar). Shares are consensus Buy, which begs the question who is left to Buy? Stock often considered slow-moving defensive. **Next Event:** Q3 Interim management statement, Thurs 3 May

Latest Broker 12m Consensus: 21 x Buy, 10 x Hold, 0 x Sell (Source: Digital Look & AlphaTerminal) (U = Upgrade / D = Downgrade) **26-Mar**, Investec, Hold, TP 1970p; **22-Mar**, Berenberg, Buy, TP 1760p; **22-Mar**, Shore, Buy; **19-Mar**, Oriel, Buy, TP 2100p; **12-Mar**, JPMorgan, Neutral, TP 1915p; **4-Mar**, Credit Suisse, Outperform, TP 1975p; **18-Feb**, Deutsche, Buy, TP 2000p



Stock description

Diageo plc produces, distills and markets alcoholic beverages. The Company offers a wide range of branded beverages, including vodkas, whiskeys, tequilas, gins, and beer. (FTSE100)

Graph: 2-year (daily)

Stock last used as Trade Idea; 23-Jul-2012

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

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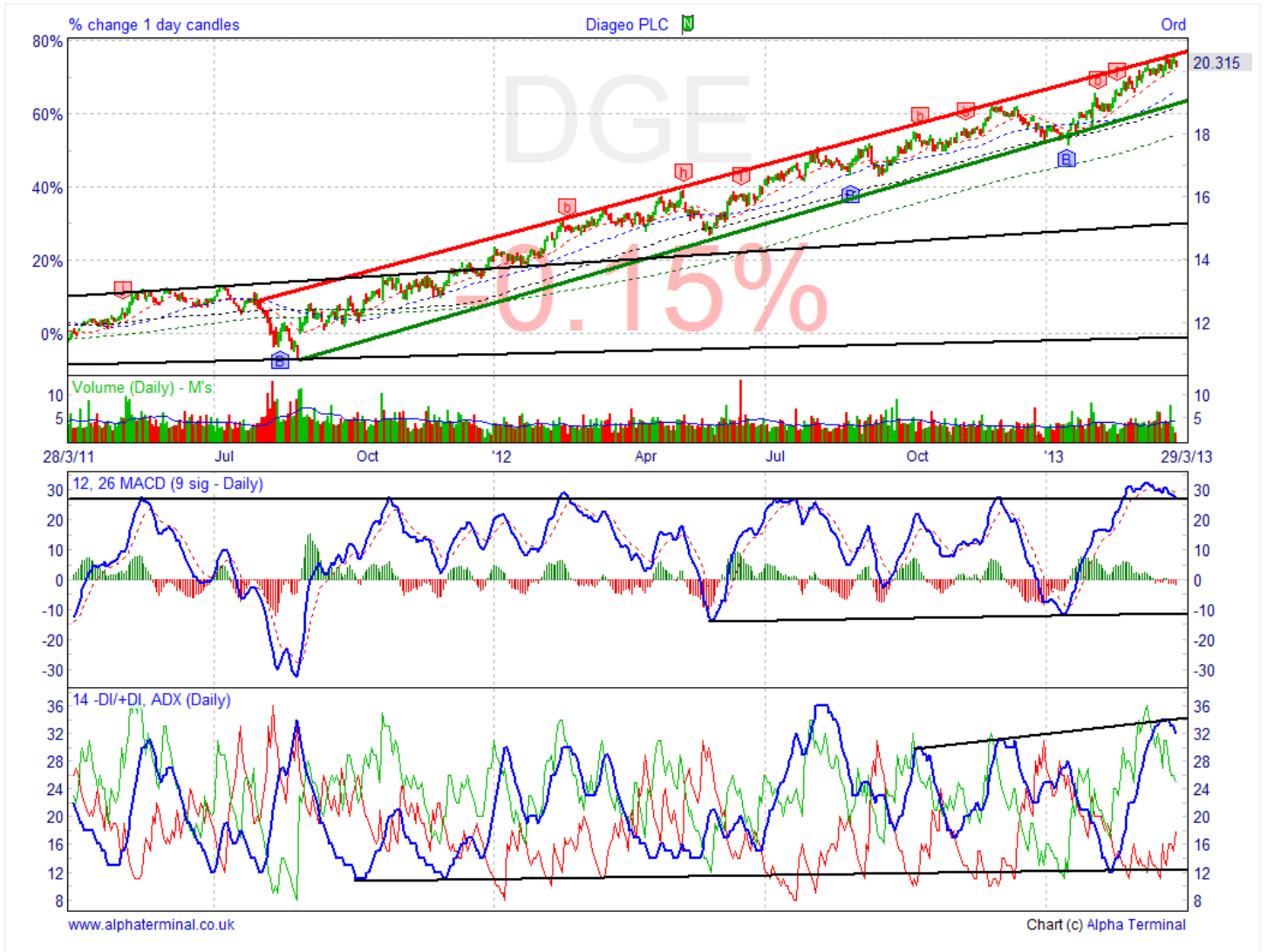
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Graph: 2-year (daily) - ADX and Directional Indicators, MACD & Volume



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

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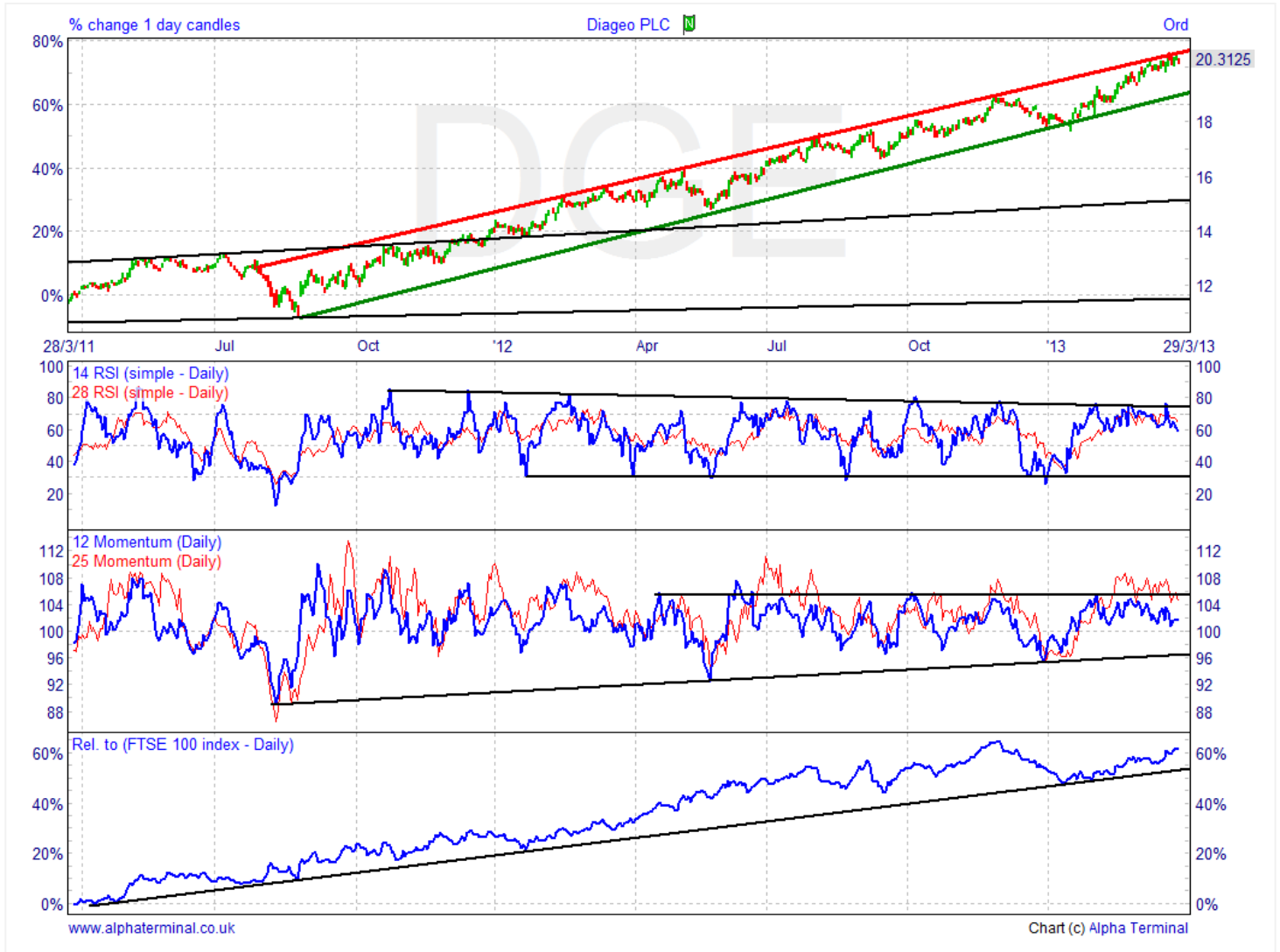
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Graph: 2-year (daily) - RSI, Momentum and Performance relative to FTSE 100



| Share | 1wk | 1m | 3m | 1yr | 2yr | 3yr | 4yr | 5yr |
|--------|-------|------|-------|-------|-------|-------|--------|-------|
| Perf % | 10.48 | 3.27 | 12.75 | 31.94 | 74.36 | 83.33 | 157.12 | 90.19 |

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