

Sell – Direct Line Ins Grp (DLG)

April 12, 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 203p	Stop Loss 55p away (208p)	Limit/Target 190p	Reward vs. Risk 2.6x	CFD Margin 10%
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Technical Observations - For

- Shares moved from one falling channel to another
- Shares already slowed up at top of current channel
- Shares been underperforming FTSE100
- Target is near high of IPO day (11 Oct)

Technical Observations - Against

- MACD shows stability at recent lows
- RSI shows rising lows
- ADX (trend strength) and Directional Indicators inconclusive
- Recent low and 200-day Moving avg (195p) could be supportive

News / Broker Comments / Important Dates / Observations **

RBS cuts stake to 48.51% as part of forced sell-off (22 March). Berenberg says 2012 results decent with profit from on-going operations 2% ahead of consensus. However, likely to find underwriting improvements in 2013 more difficult (28 Feb). Oriel says lacks top-line growth after 2012 results (28 Feb). Nomura upgrades, not expecting surprises in results (5 Feb). Broker coverage decent, but recent comments lacking. Peer Esure's March IPO seen its shares fall and then trade sideways. **Next Event:** Q1 Interim statement, 3 May

Latest Broker 12m Consensus: 8 x Buy, 6 x Hold, 1 x Sell (Source: Digital Look & AlphaTerminal) (U = Upgrade / D = Downgrade)
4-Mar, UBS, Buy, TP 230p; **1-Mar,** Canaccord, Buy, TP 240p; **28-Feb,** Investec, Buy, TP 237p; **20-Feb,** ExaneBNP, Neutral, TP 222p; **11-Feb,** Credit Suisse, Outperf, TP 243p; **4-Jan,** Numis, Buy; **14-Dec,** Morgan Stanley, O'weight, TP 236p; **10-Dec,** Deutsche, Hold, TP 220p



Stock description

Direct Line Insurance Group PLC provides personal and commercial insurance and services. The Company offers a range of insurance products including automobile, home, travel, pet, property, and accident insurance. Direct Line Insurance serves private customers and business clients online and by phone throughout the United Kingdom, Germany, and Italy. (FTSE100)

Graph: 6-month (daily)

Stock last used as Trade Idea;
24-Jan-2013

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

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Graph: 6-month (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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Graph: 6-month - RSI, Momentum and Performance relative to FTSE 100



Share	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
Perf %	0.35	-3.47	-5.19	n/a	n/a	n/a	n/a	n/a

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