

Sell – Direct Line Ins Grp. (DLG)

November 21, 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
230p	240p (10p/4.3% above)	207p (23p/10.0% below)	2.3x	10%

Technical Observations - For

- Shares fallen back by 3% from recent highs
- MACD turned down from overbought
- ADX (trend strength) turned back from trendline
- Directional indicators converging bearishly
- RSI, Momentum & Stochastics fallen back from overbought

Technical Observations - Against

- MACD not gone negative
- Directional indicators not made bearish cross
- Momentum not gone negative
- 200-day MA could provide support at 215p
- No bearish crosses my moving averages yet

News / Broker Comments / Important Dates / Observations **

Numis says DLG coping well with soft motor rates after Q3 results, and seems confident in meeting financial objectives. Sees upside to low valuation (1 Nov). Company announces Q3 operating profit +6.1% and said costs of October UK storm unlikely to exceed expected costs for extreme major events for the quarter (1 Nov). RBS sold another 300m shares taking its stake down to 28.5% (20 Sept). Exane BNP cuts to Underperform and TP to 22p noting limited chance of capital returns (5 Aug). **Event:** FY results, 28 Feb

Latest Broker 12m Consensus: 8 x Buy, 5 x Hold, 2 x Sell (Source: Digital Look, AlphaTerminal) (U = Upgrade / D = Downgrade)
15-Nov, Canaccord, Buy, TP 240p; **5-Nov**, Deutsche, Hold, TP 240p (U); **4-Nov**, Numis, Buy, TP 265p; **29-Oct**, BoA-ML, Buy, TP 250p; **24-Oct**, Shore, Sell; **27-Sept**, Berenberg, Sell, TP 200p; **18-Sept**, Goldmans, Neutral, TP 255p (U); **22-Aug**, RBC, Outperform, TP 260p



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. (FTSE 250)

Graph: 1-year (daily)

Stock last used as Trade Idea;
12-Apr-2013

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

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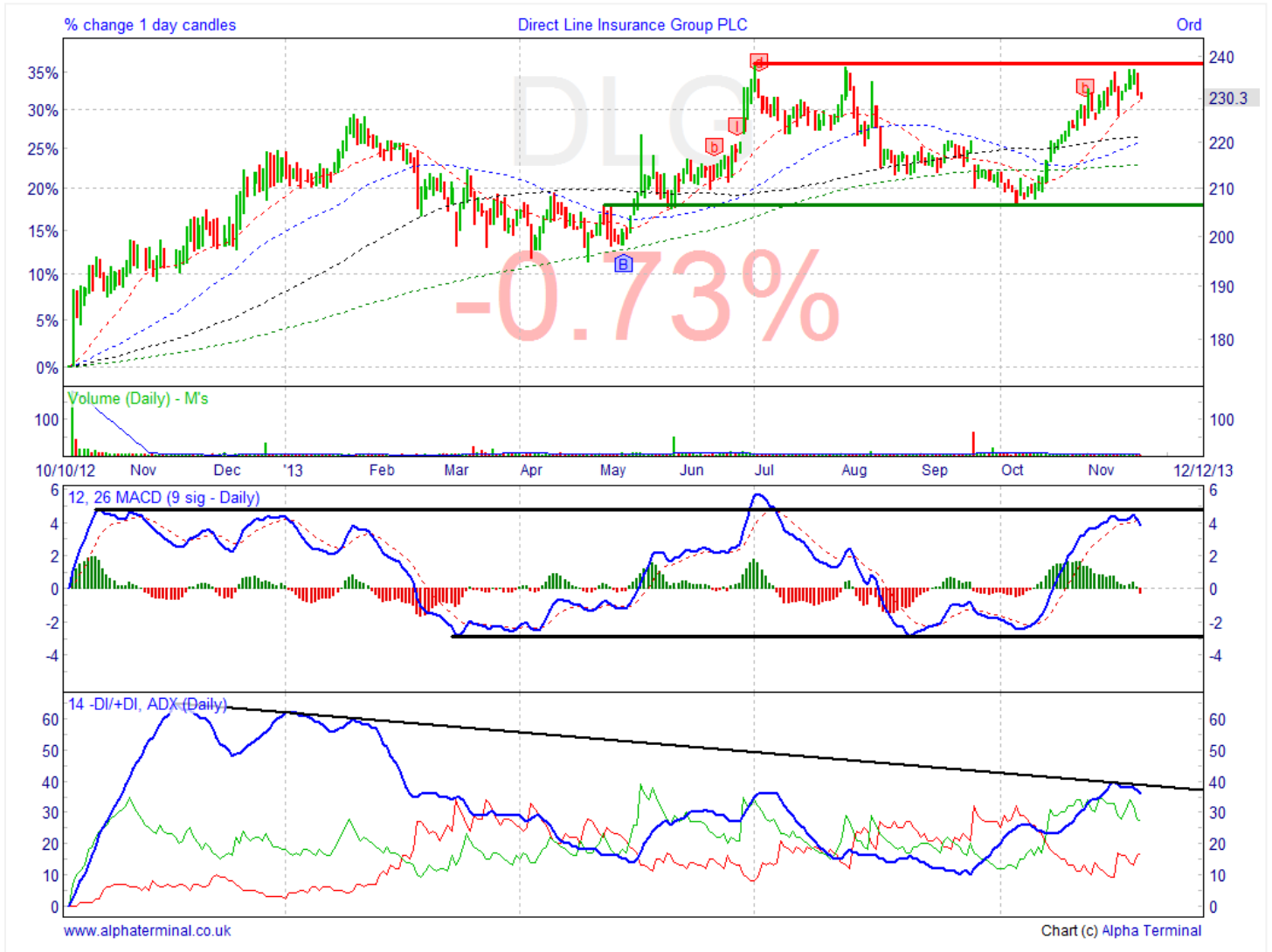
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Graph: 1-year (daily) - ADX and Directional Indicators, MACD & Volume



Moving averages on price:

Green: 200-period, Black: 100-period, Red: 50-period, Red: 20-period

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



Share	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
Perf %	0.5	4.47	7.99	15.18				

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