

Sell – Johnson Matthey (JMAT)

October 24, 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
2980p	3050p (70p/2.3% above)	2800p (180p/6.0% below)	2.6x	10%

Technical Observations - For

- Shares found resistance on waning volume
- RSI in falling channel - negative divergence with share price
- Stochastics suggests overbought
- Positive directional indicator pulled back
- Outperformance of FTSE 100 broken below support

Technical Observations - Against

- Shares trading near all-time highs
- No bearish cross by directional indicators
- RSI not gone negative; Momentum still on the up
- MACD not turned back within channel
- Potential support from rising lows at 2800p

News / Broker Comments / Important Dates / Observations **

JPMorgan upgrades with stock at inflection point ahead, seeing years of investment in industrial catalysts to mean accelerated growth. Driver to be Process Tech division with double-digit growth in medium term (14 Oct). UBS downgrades on valuation grounds after 20% rally since April (19 Sept). Shares closed down on Q1 results pointing to summer shutdowns in Q2 (25 Jul). Exposed to price of precious metals which If everyone's a buyer, who's left to buy? **Next Event:** H1 results 21 Nov; Ex-div 27 Nov

Latest Broker 12m Consensus: 6 x Buy, 8 x Hold, 0 x Sell (Source: Digital Look, AlphaTerminal) (U = Upgrade / D = Downgrade)
21-Oct, Deutsche, Buy, TP 3050p; **17-Oct**, Numis, Hold, TP 3069p; **14-Oct**, JPMorgan, Overweight, TP 4000p (U); **9-Oct**, BoA-ML, Buy, TP 2950p; **9-Oct**, Credit Suisse, Neutral, TP 2900p; **3-Oct**, Liberum, Buy, TP 3000p; **19-Sept**, UBS, Neutral, TP 2910p (D)



Stock description

Johnson Matthey PLC is a specialty chemicals company which manufactures catalysts, pharmaceutical materials, and pollution control systems. The Company also refines platinum, gold and silver, and produces color and coating materials for the glass, ceramics, tile, plastics, paint, ink, and construction industries. Johnson Matthey has operations around the world (FTSE 100)

Graph: 1-year (daily)

Stock last used as Trade Idea;
25-Jan-2012

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

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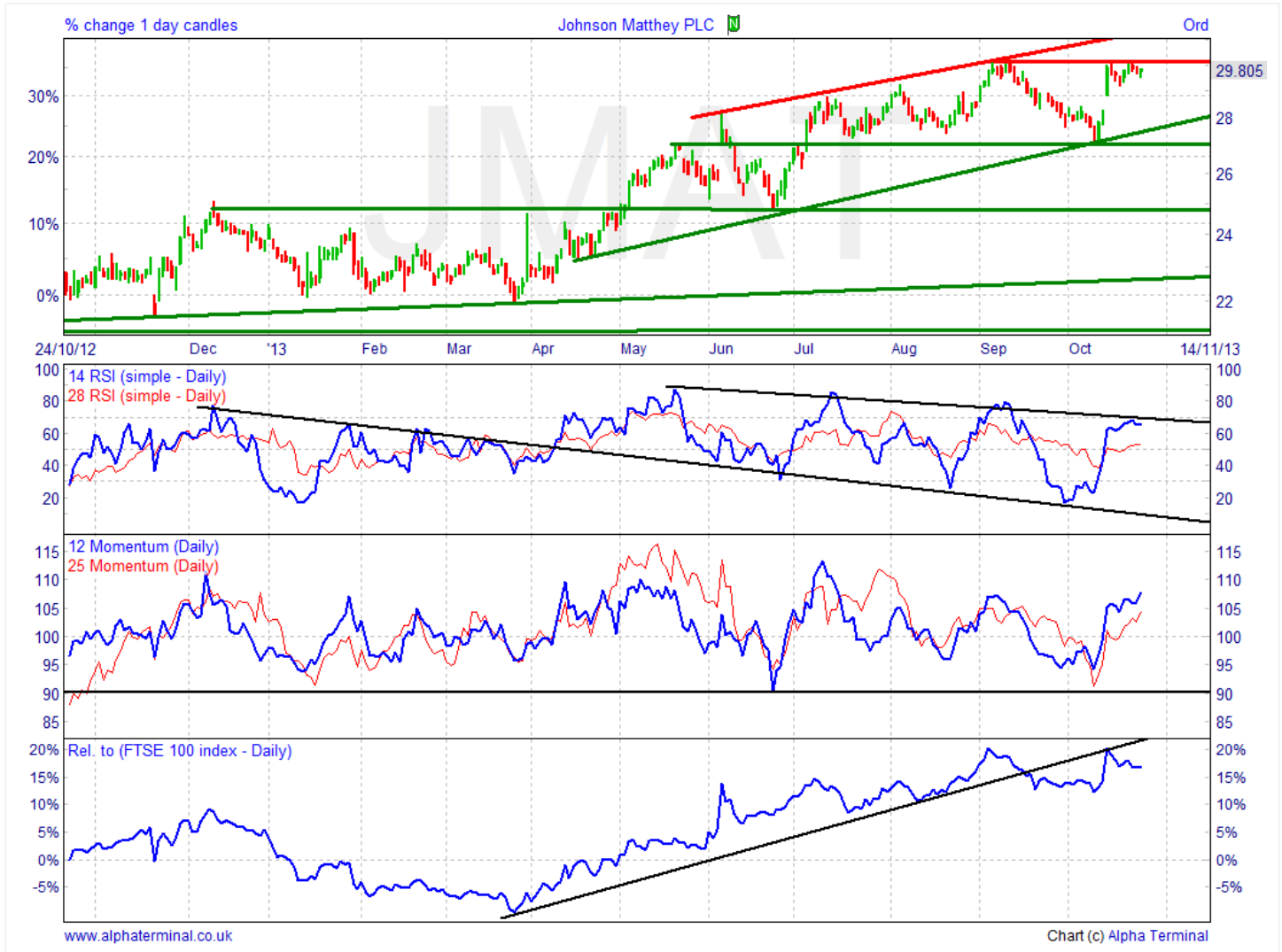
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Graph: 1-year (daily) - RSI, Momentum and Performance relative to FTSE 100



Share	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
Perf %	0.54	4.6	5.08	32.09	47.11	50.3	101.18	213.89

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