

# Sell – Lonmin (LMI)

September 30, 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
318.8p	340p (21.2p/6.6% above)	250p (68.8p/21.6% below)	3.2x	10%

**Technical Observations - For**

- Falling price high since May 2012, bearish descending triangle
- Topped out and breakdown
- MACD broken below rising support
- Directional Indicators made bearish cross
- Volume fallen while shares topped out

**Technical Observations - Against**

- RSI back at rising support – fallen to oversold already
- Momentum back near rising support
- Potential support from 200 & 100-day MAs at 310p and 305p
- Stochastics already oversold
- Potential support at Mar-July resistance 300p

**News / Broker Comments / Important Dates / Observations \*\***

Marikana inquiry says S Africa police lied about shooting of 34 striking miners (19 Sept) HSBC initiates at overweight with 475p target as sector sees roust demand rising prices and higher quality production after 5 difficult years (25 Jul). Citigroup says Q3 output satisfactory. Liberum says output and working capital build in-line (25 Jul). Had several output and worker disruptions of late. If everyone's a buyer/holder, who's left to buy? Exposed to price of \$-denominated precious metals, **Next Event:** Prelim results, Q4 production, 11 Nov

**Latest Broker 12m Consensus:** 6 x Buy, 8 x Hold, 4 x Sell (Source: Digital Look, AlphaTerminal) (U = Upgrade / D = Downgrade)

**26-Sept,** Deutsche, Hold, TP 315p; **10-Sept,** JPMorgan, Buy, TP 400p (U); **10-Sept,** Citigroup, Buy, TP 418p (U); **20-Aug,** Liberum, Sell, TP; **10-Jul,** Investec, Hold, TP 254p (D); **9-Jul,** Westhouse, Hold (U), TP 265p (U); **5-Jul,** ExaneBNP, Hold, TP 260p (D)



**Stock description**

**Lonmin PLC** is a mineral resources group. The Group produces Platinum and other Platinum group metals such as Palladium and Rhodium. The Company's operations are located in the district of Marikana, near Rustenberg, in the North West Province of South Africa. (FTSE 250)

**Graph: 16-month (daily)**

**Stock last used as Trade Idea;**  
25-Oct-2012

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

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**Graph: 16-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: 16-month (daily) - RSI, Momentum and Performance relative to FTSE 100**



Share	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
Perf %	-4.34	-6.7	13.02	6.63	-41.97	-64.69	-62.91	-63.03

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