

# Sell – National Grid (NG.)

March 13, 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:				
<b>Opening Price</b> <740p	<b>Stop Loss</b> 15p away (755p)	<b>Limit/Target</b> 690p	<b>Reward vs. Risk</b> 3.3x	<b>CFD Margin</b> 5%

**Technical Observations - For**

- Shares at upper boundary of 18-month channel
- MACD overbought
- Momentum pulled back from prior high
- Positive Directional Indicator at extreme high
- Trading volumes fallen as trendline tested

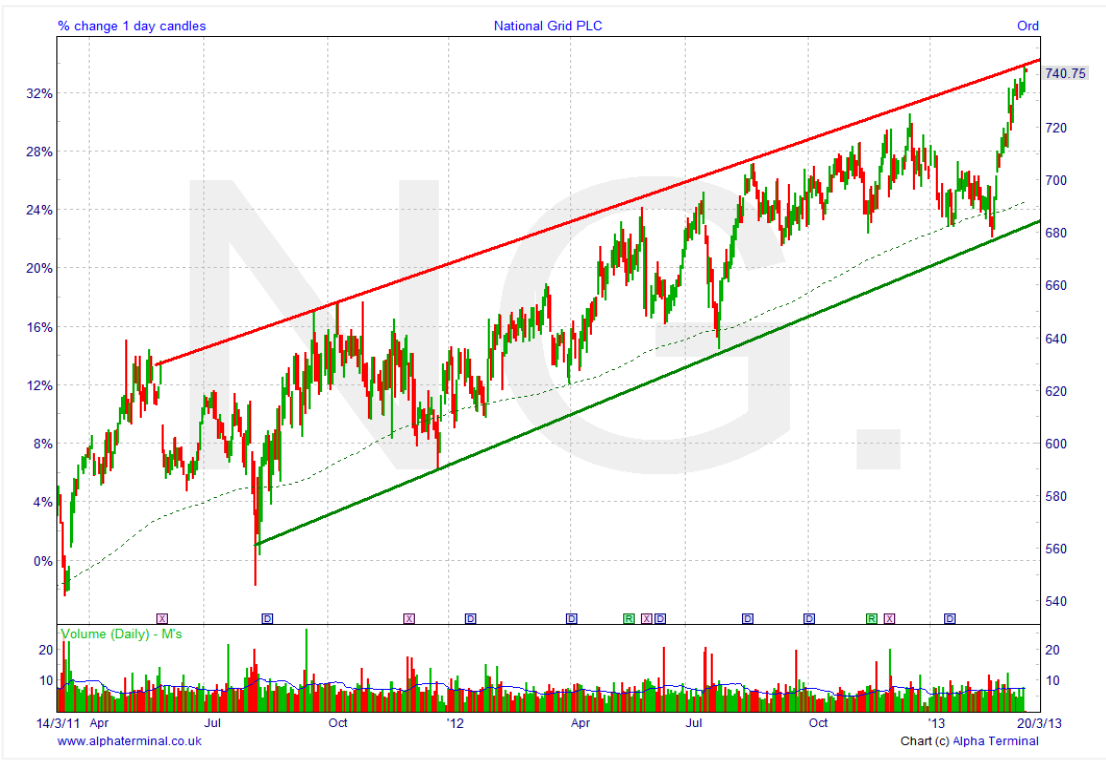
**Technical Observations - Against**

- MACD not yet turned down
- ADX (trend strength) still very strong
- Momentum not yet gone negative
- RSI not quite overbought
- Possible support from 200-day moving average

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

REG Bio-Power extended contract with National Grid to provide Short Term Operating Reserve for additional 12 months to April 2015 (12 Mar). Company prices long term € and £ hybrid bonds at slight discount (11 Mar). Shares higher after OFGEM and NG agree new price controls for next 8 years (28 Feb). ExaneBNP upgrades expecting NG to accept OFGEM proposals and remove regulatory overhang of last 2 years. Utilities sector often considered slow moving and unexciting. **Next Event:** 2012/13 full year results, 16 May

**Latest Broker 12m Consensus:** 7 x Buy, 5 x Hold, 6 x Sell (Source: Digital Look & AlphaTerminal) (U = Upgrade / D = Downgrade) **22-Jan**, ExaneBNP, Outperform (U), TP 780p; **21-Jan**, Seymour Pierce, Sell; **18-Dec**, Nomura, Buy, TP 735p; **16-Nov**, SocGen, Sell; **10-Oct**, Citigroup, Neutral, TP 680p (U);



**Stock description**

**National Grid PLC** is an investor-owned utility company which distributes gas. The PLC owns and operates the electricity transmission network in England and Wales, the gas transmission network in Great Britain, and electricity transmission networks in the Northeastern United States. National Grid also operates the electricity transmission networks in Scotland. (FTSE100)

**Graph: 2-year (daily)**

**Stock last used as Trade Idea;**  
21-Aug-2012

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

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



<b>Share</b>	<b>1wk</b>	<b>1m</b>	<b>3m</b>	<b>1yr</b>	<b>2yr</b>	<b>3yr</b>	<b>4yr</b>	<b>5yr</b>
<b>Perf %</b>	5.11	7.16	3.28	12.79	36.34	28.61	52.4	15.38

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