

Sell – Pearson (PSON)

May 8, 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
1170p	40p away (1210p)	110p away (1060p)	2.8x	5%

Technical Observations - For

- Shares in 2013 falling channel; another fail at ceiling
- RSI & Momentum near recent highs – overbought
- Shares underperforming FTSE100
- 200-day moving average before suggested stops
- Stochastics suggests overbought

Technical Observations - Against

- MACD bounced positive
- RSI & Momentum not yet turned down
- Volumes offering no signals
- ADX (trend strength) turned down
- Shares are a consensus Hold/Buy

News / Broker Comments / Important Dates / Observations **

Citi says 1Q trading update "solid" but doesn't expect any changes to EPS consensus (26 Apr). Jefferies says 1Q trading revenue fell 1%, but "guidance is unchanged" for 2013, "though there is an expectation that operating profit will show a decline" for 1H 2012. "The marked divergence in performance between Reed Elsevier (REL.LN) and Pearson has continued, with Reed Elsevier up 24% versus Pearson, and Pearson underperforming the FTSE 100 by 12.5% year to date," notes Jefferies (26 Apr). **Next Event:** Interim results; 26

Latest Broker 12m Consensus: 8 x Buy, 12 x Hold, 6 x Sell (Source: Digital Look & AlphaTerminal) (U = Upgrade / D = Downgrade)
29-Apr, Deutsche, Hold, TP 1225p; **26-Apr**, Numis, Hold, TP 1192p; **26-Apr**, Investec, Buy, TP 1150p; **17-Apr**, Nomura, Reduce, TP 1195p; **12-Apr**, Jefferies, Hold, TP 1240p; **9-Apr**, ExaneBNP, Outperform, TP 1430p; **5-Apr**, Morgan Stanley, Underweight, TP 1140p



Stock description

Pearson plc is an international media and education company with its principal operations in the education, business information and consumer publishing markets. The Company creates and manages intellectual property to inform, educate and entertain. The Company's content is delivered through books, newspapers and online services (FTSE100)

Graph: 1-year (daily)

Stock last used as Trade Idea;
21-Sept-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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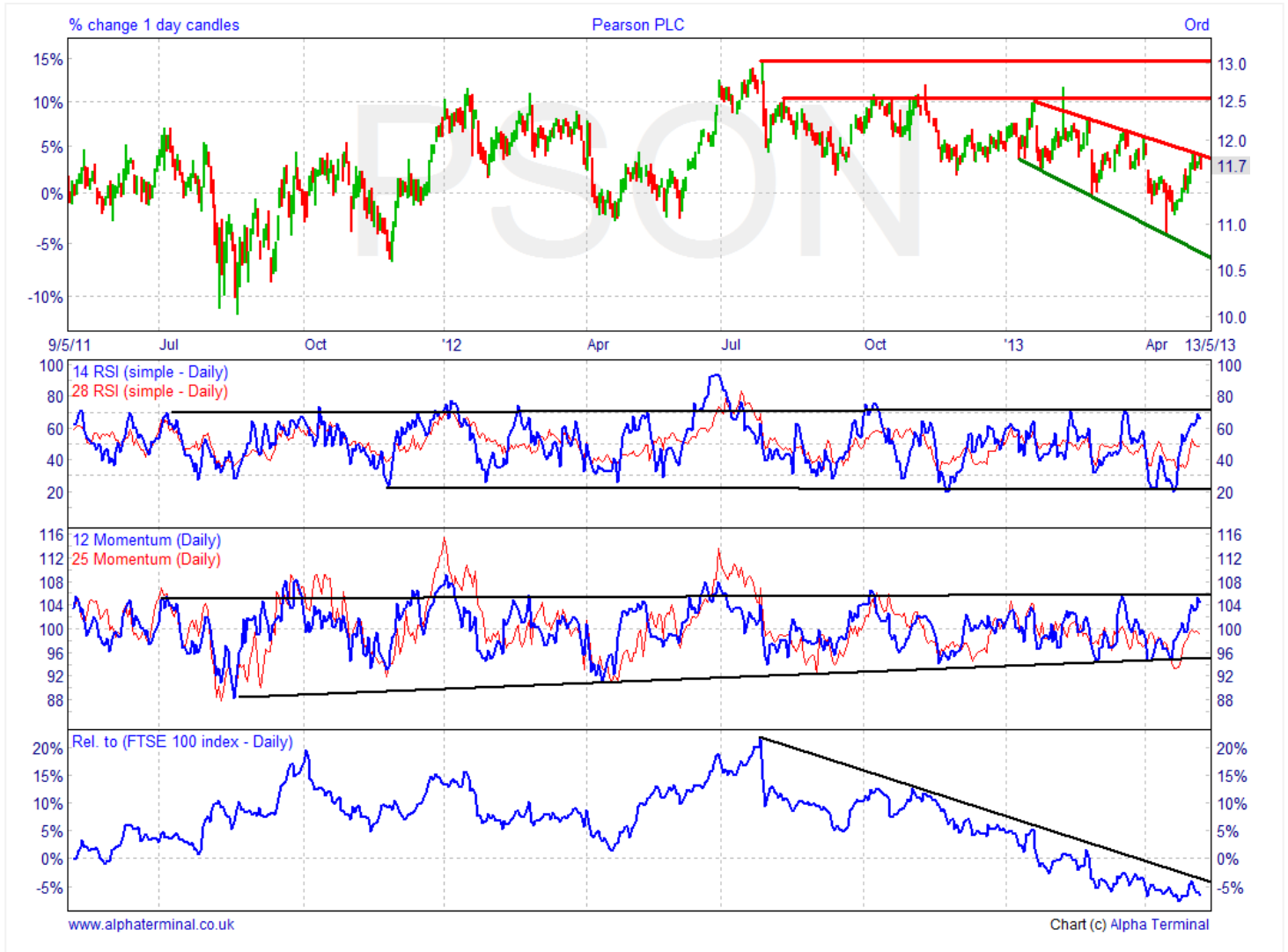
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Graph: 1-year - RSI, Momentum and Performance relative to FTSE 100



Share	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
Perf %	1.74	2.54	-2.74	0.86	1.12	16.53	68.83	69.57

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