

# Sell – Royal Dutch Shell (RDSb)

January 8, 2014

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
2263p	2310p (47p/2.1% above)	2080p (183p/8.1% below)	3.9x	5%

**Technical Observations - For**

- Strong falling channel pattern; 2yr falling highs unbroken
- MACD topping out near 1yr highs
- Positive Directional indicator falling
- Price indecision since Christmas similar to that in July 2013
- RSI & Stochastics overbought, momentum at 1yr highs

**Technical Observations - Against**

- Recent lows didn't get as far as trendline of falling lows
- Negative directional indicator not yet rising; no convergence
- Momentum not gone negative, RSI not fallen back
- Potential support from 200-day MA at 2200p
- Point & Figure chart shows no reversal

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

A Daily Telegraph reports suggests Shell could sell \$30bn of assets in 2014 after weak refining margins and oil theft in Nigeria dented profits. (23 Dec). Company buying back own shares which can be supportive. Global recovery is good news, but more supply from US fracking revolution may dent prices. Stronger USD from reversal of Fed tapering also likely to strengthen USD thus making USD denominated fuel more expensive for many. Exposed to oil price and global growth sentiment. **Event:** FY prelim results, 31 Jan

**Latest Broker 12m Consensus:** 9 x Buy, 1 x Hold, 4 x Sell (Source: Digital Look, Alpha Terminal, Bloomberg) (U = Upgrade / D = Downgrade)  
**20-Dec**, Morningstar, Underperform, TP 2100p; **11-Dec**, Deutsche, Hold, TP 2400p; **9-Dec**, Barclays, Overweight, TP 2650p (U); **5-Dec**, JPM, Underweight, TP 2200p; **3-Dec**, Nomura, Neutral, TP 2300p; **21-Nov**, Investec, Hold, TP 230p; **4-Nov**, SocGen, Hold, TP 2400p



**Stock description**

**Royal Dutch Shell PLC**, through subsidiaries, explores for, produces, and refines petroleum. The Company produces fuels, chemicals, and lubricants. Shell owns and operates gasoline filling stations worldwide (FTSE 100)

**Graph: 1-year (daily)**

**Stock last used as Trade Idea;**  
22-Aug-2013

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



Share	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
Perf %	-0.21	7.88	7.42	2.2	-6.31	5.94	25.97	38.22

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