

Sell – Royal Mail (RMG)

November 20, 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 536p	Stop Loss 555p (19p/3.5% above)	Profit Limit 485p (51p/9.5% below)	Reward vs. Risk 2.7x	CFD Margin 10%
------------------------------	---	--	--------------------------------	--------------------------

Observations - For

- Shares broken below rising support; 10% off highs
- Head & Shoulders pattern completed (break below neck)
- Recent rally, failed to gain ground
- Downside projection corresponds with key 490p level

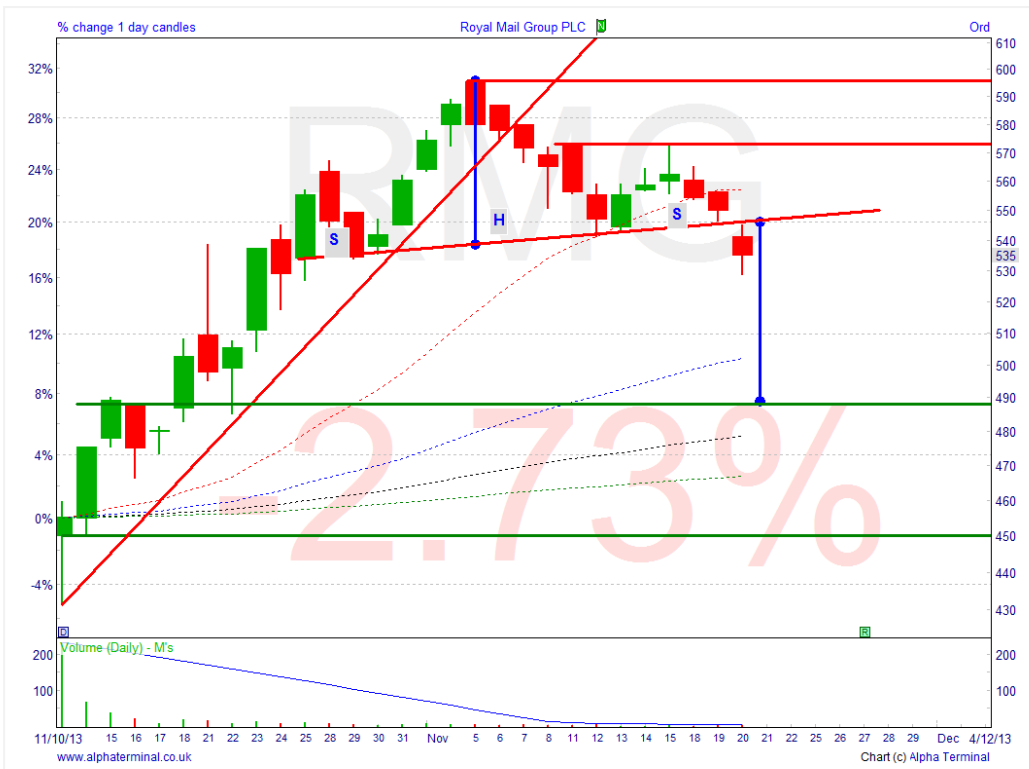
Observations - Against

- Technicals limited due to recent IPO, hence absence of graphs
- MACD not gone negative; Hourly RSI suggests oversold
- Potential interest after 10% sell-off
- Directional indicators already diverged bearishly

Latest News / Broker Comments / Important Dates **

Lead IPO manager UBS puts out sell rating on stocks as IPO bankers face parliamentary hearing on IPO pricing (20 Nov). Regulatory filings show major institutions buying RMG shares, with Singapore wealth fund one of largest holders with 4.1% and Children's Inv. Fund 5.8% (25 Oct). Lack of news flow given recent listing. Risks are that small holders from IPO already sold out and long-term holders who missed out jump in now at cheaper levels. Political fallout from hearing on IPO pricing: Note the **Next Event is H1 Results on 27 Nov**

Latest Broker 12m Consensus: 7 x Buy, 9 x Hold, 2 x Sell (Source: Digital Look, AlphaTerminal, Bloomberg) (U = Upgrade / D = Downgrade)
20-Nov, UBS, Sell, TP 450p; 20-Nov, BoA-ML, Neutral, TP 580p; 20-Nov, Barclays, Equalweight, TP 466p; 20-Nov, RBC, Sector perform, TP 580p; 20-Nov, Shore, Buy; 25-Oct, Panmure, Buy, TP 570p



Stock description

Royal Mail plc provides postal and delivery services. The Company offers its services in the United Kingdom as well as parts of continental Europe.

Graph: 2-month (daily)

Stock last used as Trade Idea; N/A

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

Need help understanding this page? [Click](#)

Need help with Technical Analysis? [Click](#)

Share Perf %	1wk -2.01	1m 7.41	3m n/a	1yr n/a	2yr n/a	3yr n/a	4yr n/a	5yr n/a
---------------------	---------------------	-------------------	------------------	-------------------	-------------------	-------------------	-------------------	-------------------

Our research is produced by Accendo Markets Limited. Research produced and disseminated by Accendo Markets is classified as non-independent research, and is therefore a marketing communication. Accendo Markets research has not been prepared in accordance with legal requirements designed to promote its independence and may not comply with FCA guidelines to prevent conflicts of interest and is not subject to any prohibition on dealing ahead of the dissemination of research. As such, this research does not constitute a personal recommendation or offer to enter into a transaction or an investment, and is produced and distributed for information purposes only. Accendo Markets considers information contained within the research to be valid when published, and gives no warranty as to the investments referred to in this material. The income from the investments referred to may go down as well as up, and investors may realise losses on investments. The past performance of a particular investment is not necessarily a guide to its future performance. Prepared by Mike van Dulken, Analyst