

# Sell – Wolseley (WOS)

January 9, 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
3423p	3530p (107p/3.1% above)	3150p (273p/8.0% below)	2.6x	5%

**Technical Observations - For**

- Falling highs since mid-September
- MACD slowed up at September high; Stochastics topped out
- Directional indicators converging bearishly
- RSI turning down from 2yr high overbought
- Outperformance vs FTSE100 stalled; Point & Figure reversal

**Technical Observations - Against**

- Shares in long-term uptrend
- Directional indicators not yet made bearish cross
- Momentum not gone negative
- RSI not fallen back below prior highs
- Potential support from 200-day MA at 3350p

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

Morgan Stanley says WOS is its top pick for 2014 within the buildings material sector (10 Dec). Numis says keep hold of WOS after Q1 profits were broadly in-line with estimates with good organic growth in UK and US while Europe remains negative (29 Nov). Redburn upgrades to Buy and TP to 3950p from 3030p, saying WOS can outperform in 2014 (27 Nov). UK house price rises finally start to slow up in December. Exposed to consumer confidence and housing market. Interest rate sensitive. **Event:** FY prelim results, 31 Jan

**Latest Broker 12m Consensus:** 12 x Buy, 10 x Hold, 2 x Sell (Source: Digital Look, Alpha Terminal, Bloomberg) (U = Upgrade / D = Downgrade)  
**9-Jan,** UBS, Neutral (D), TP 3470p (D); **11-Dec,** Credit Suisse, Neutral, TP 3400p; **10-Dec,** Barclays, Overweight, TP 3700p; **9-Dec,** Jefferies, Underperform, TP 2660p (U); **9-Dec,** Deutsche, Buy, TP 3551p; **29-Nov,** JPM, Overweight; **29-Nov,** Numis, Hold, TP 3250p



**Stock description**

**Wolseley plc** distributes bathroom materials, heating and plumbing supplies, and industrial pipes, valves, and fittings, to customers in the United Kingdom, Europe, and the United States. Wolseley also distributes building materials and lumber products, as well as operates tool hire centers. (FTSE 100)

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

**Stock last used as Trade Idea;**  
28-Oct-2011

**\*\*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 %	-0.28	9.3	4.3	9.45	56.95	50.93	121.83	152.84

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