

Santa Rally

Is Santa delivering the traditional year-end rally early?

Nov 2014



CFDs, spreadbetting and spot FX are leveraged products & can result in losses exceeding your initial deposit. They are not suitable for everyone, so please ensure that you understand the risks.

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Santa to deliver again in 2014?

November 2014

Leveraged products involve a high level of risk and you can lose more than your original investment.

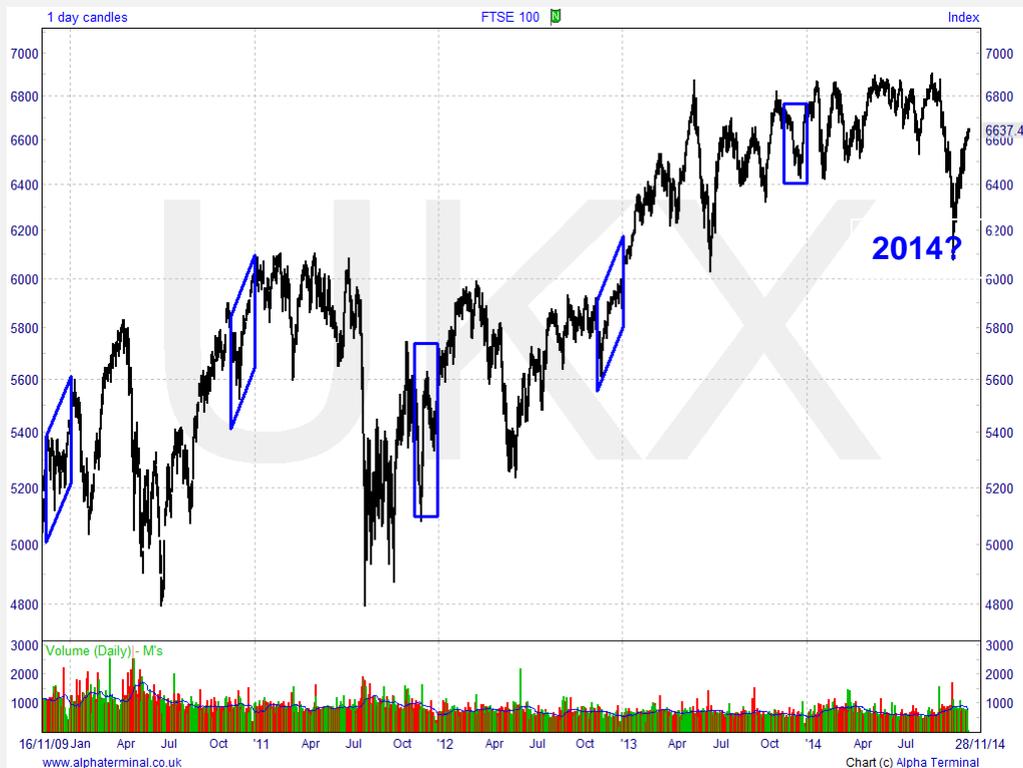
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Well known phenomenon

It's not long before **equities** begin what the old market adage hails as **traditional year-end gains** or the **Santa Rally**. Have you done your **shopping** for the **stocks** with the **best potential**? **Normally sent end-November**, we have updated our data early on account of current **market conditions** and **self-fulfilling nature of the phenomenon** tending towards an **earlier start each year**.

While we don't subscribe to the view that '**shares always rally into year-end**', fuelled by **volatility thinner holiday volumes** and window-dressing (**fund managers** wanting to hold what's done well; illusionary), what we do know is that the **FTSE 100 index** has a **strong tendency to rise from mid-November** through year-end, offering **short-term traders** potentially **profitable trading opportunities**.

FTSE100 Index – Santa Rallies 2009-2013



Technical Observations

- The graph highlights the FTSE100's last five Santa Rally periods (blue trend boxes) giving an idea of the volatility available. Will 2014 add to the historic tally of **10 gains >3%**? Or will it **disappoint** like 2004 with gains of **just 0.2%**? Maybe even **decline** like '00-'02 and '06?
- Will **correction take hold** again and we revisit **6070**? Or will the recovery take us back to near **all-time highs of 6950** making it a 2.2% gain for the year?

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22yr 90% success rate

Since 1992 the FTSE100 index has risen 17 times (77% of the time) from mid-November to end-December (90% for Dec alone) with gains between a soft 0.2% and impressive 10.5%. On 10 occasions gains topped 3.0% ('92, '93, '95-99, '05, '08, and '12). Average return for the period is 2.6%.

Disappointments belong to 1994 (-2.2%), 2000 (-3.3%) as the Tech bubble began to deflate, 2002 (-3.7%) just before the market bottomed out in Mar '03 before rallying 100% to financial crisis in 2007. The best years belong to '92 (5.5%), '93 (10.5%), '97 (8.3%), '98 (7.7%) and '99 (6.1%) and '08 (4.8%).

FTSE to play catch-up?

- The below table highlights the FTSE100 versus major peers, showing the UK index has the best record for rising from mid-Nov since 1995 (see link on the following page for all '95-'13 data).
- It also shows that the UK Index is currently underperforming peers by up to 12%. Could this imply the coming weeks acting as a catch-up period before the New Year?

Name	EPIC	2014 YTD	Best Perf	Worst Perf	Avg Perf	Yrs up	15 Nov - 31 Dec % performance													
							2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
UK FTSE 100	UKX	-1.7	8.3	-3.7	2.3	15	0.8	3.9	1.0	1.4	2.2	4.8	1.5	-0.1	3.3	0.2	1.8	-3.7	-0.4	-3.3
FR CAC 40	CAC	-2.5	15.1	-6.0	2.7	13	0.1	7.6	3.6	-1.5	3.4	-2.2	1.0	0.5	3.8	0.0	2.3	-3.1	1.0	-6.0
DE DAX 30	DAX	-3.2	18.8	-9.4	3.9	16	4.2	8.1	-0.6	1.8	4.8	2.1	5.2	2.6	5.8	2.9	4.4	-9.4	3.1	-7.6
US S&P 500	SPX	10.3	9.2	-5.0	2.5	16	2.8	5.4	0.0	5.0	2.0	3.4	1.2	1.6	1.6	2.4	5.9	-3.3	0.5	-5.0
US DJIA 30	DJIA	6.5	7.0	-2.8	2.6	18	3.9	4.5	1.0	3.4	1.5	3.3	1.2	1.7	0.3	2.2	7.0	-2.8	1.5	0.8
JP Nikkei 225	NIK	6.8	17.7	-7.5	3.7	14	7.4	17.7	-1.0	4.1	7.9	4.7	-0.6	6.0	14.3	2.3	5.0	0.9	0.5	-6.8

Source: AlphaTerminal; 2014 Year To Date (YTD) as at 14 Nov; for full 1995-2013 tables see link on p3

No guarantees, but statistics support

This report is designed to provide you with information to help identify how the blue-chip equities you like have fared over the last 20 years (less data available for stocks than indices) and to decide which could offer you the best trading profit potential as 2014 draws to a close.

There is no guarantee that the tallies of success increase or that the average gains hold. With history and a weight of data including booms and busts on their side, however, the probability is good. After a tough year maybe it's time for the UK index to have its day in the sun. Maybe even in the snow?

Note that we could have looked at just the last few years, when the market was recovering from its financial crisis lows with help from central banks. However, this would boost the average year-end performance unfairly, hence our averaging of the maximum amount of data available to provide you with a more realistic, albeit potentially more conservative observation from which to work.

2014 to be different?

After making new multi-year highs in September, jitters about global growth (China, Eurozone) and the US moving towards monetary policy normalisation saw markets sell off hard to test 2013 lows. However, a bullish tone from the US Fed, strong US GDP and Q3 earnings, the BoJ replenishing the punch bowl and speculation the ECB will have to act has seen markets rebound strongly.

US equities are already back making new highs, up handsomely for 2014 as a whole. Will European bourses play catch up, taking the UKX back to 6900 (+4.0%) and even on to make new all-time highs? Or will it disappoint and the current correction persist? Will Eurozone/China woes scupper things again? Not a problem - you can also trade short.

To find out which FTSE100 stocks tend to fare best (or worst if you prefer) from mid-Nov, read on...

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Best FTSE 100 riser from mid-Nov (by no. of years)

Name	EPIC	2014 YTD	Best Perf	Worst Perf	Avg Perf	Yrs up	15 Nov - 31 Dec % performance													
							2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Unilever PLC	ULVR	4.6	16.8	-3.4	4.5	18	0.7	2.4	5.1	5.9	10.2	6.4	6.7	1.1	1.0	5.1	0.5	-3.4	5.6	6.4
Prudential PLC	PRU	8.1	43.6	-3.7	7.2	17	6.0	1.6	1.4	7.2	5.1	43.6	5.3	5.7	7.8	6.0	-2.2	-1.3	3.1	5.0
Smith & Nephew PLC	SN.	23.9	15.5	-14.4	4.5	17	6.7	4.9	5.6	14.8	11.4	-14.4	1.8	8.7	7.1	0.9	2.1	1.5	15.5	4.4
Wolseley PLC	WOS	0.9	26.1	-10.7	5.8	17	1.5	2.9	14.3	16.2	-10.7	26.1	5.7	1.9	2.9	2.8	9.2	-5.4	21.1	15.0
Capita PLC	CPI	1.6	28.6	-6.8	5.6	16	5.6	5.3	-6.8	-4.8	-1.4	16.3	3.6	5.5	6.9	-0.2	7.0	5.9	2.7	5.3
CRH PLC	CRH	-10.2	24.0	-10.3	8.3	16	-4.3	11.7	15.3	16.2	9.3	11.9	1.2	12.1	15.9	0.4	3.6	-10.3	10.3	16.0
Royal Dutch Shell PLC	RDSB	-0.3	12.4	-7.3	3.1	16	4.3	1.5	7.3	5.0	0.6	4.3	8.1	-7.3	0.7	0.9	9.7	-0.5	3.5	-5.9
WPP Group PLC	WPP	-7.8	19.1	-3.9	5.4	16	1.6	10.5	3.0	7.5	6.6	18.7	8.3	1.0	9.8	-1.3	-2.0	3.2	0.1	3.8
BG Group PLC	BG.	-20.7	20.6	-4.9	5.2	15	3.2	-0.5	0.7	3.1	1.5	13.2	18.5	-3.0	7.0	-0.5	2.8	11.7	14.8	-3.0
Smiths Group PLC	SMIN	-17.2	14.6	-6.0	4.7	15	3.4	14.6	-4.2	4.2	5.5	13.1	-4.1	7.4	12.3	5.5	-6.0	-0.7	1.3	11.4
Tullow Oil PLC	TLW	-45.7	41.4	-37.5	4.1	15	-4.7	-6.9	2.9	0.6	5.2	41.4	0.6	-4.4	9.3	13.0	2.4	13.1	-6.1	2.3
Antofagasta PLC	ANTO	-12.9	25.3	-12.0	4.2	14	1.5	7.7	4.2	12.1	14.3	25.3	-2.4	7.8	16.4	1.9	7.1	16.9	1.5	8.2
British Land Co PLC	BLND	16.2	15.3	-11.7	3.5	14	1.9	9.0	-7.0	3.5	-3.7	6.2	3.6	9.8	9.6	15.3	9.7	10.0	-1.1	13.8
British Sky Broadcasting Group PLC	BSY	0.8	54.4	-15.0	4.7	14	3.0	2.8	-2.7	1.0	3.9	19.1	-1.1	-3.0	0.9	2.6	3.0	7.6	-15.0	0.5
Persimmon PLC	PSN	19.7	22.9	-11.9	4.6	14	6.9	6.2	-4.7	16.7	2.0	-4.3	-5.7	7.0	19.4	7.9	22.9	6.0	17.5	8.5
Rio Tinto PLC	RIO	-10.7	35.7	-41.8	2.5	14	4.8	17.0	-9.6	3.6	8.2	-41.8	-1.9	-1.8	13.3	0.1	6.6	2.7	0.5	11.6
Sage Group (The) PLC	SGE	-3.8	92.0	-34.0	8.3	14	15.8	-2.2	5.6	3.1	-1.1	7.0	8.5	8.7	15.1	7.2	-5.4	-5.2	-16.0	-34.0
Schroders PLC	SDR	-1.1	19.6	-15.0	3.1	14	4.5	9.1	-3.7	14.6	8.2	7.8	-7.9	11.0	8.0	7.8	-13.7	-10.0	3.0	-15.0
Whitbread PLC	WTB	18.0	16.2	-8.7	3.0	14	10.3	3.2	-3.3	3.2	8.2	16.2	-8.7	13.6	0.4	4.7	-4.7	-3.0	-0.9	2.9
3i Group PLC	III	6.4	22.4	-36.0	0.2	13	10.4	3.7	-8.6	2.8	4.0	-36.0	-1.6	2.2	5.3	4.1	-2.0	4.0	-5.8	-17.3

Source: AlphaTerminal; 2014 Year To Date (YTD) as at 14 Nov; for full 1994-2013 tables see link below

Best FTSE 100 riser from mid-Nov (by % gains)

Name	EPIC	2014 YTD	Best Perf	Worst Perf	Avg Perf	Yrs up	15 Nov - 31 Dec % performance														
							2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	
Fresnillo PLC	FRES	-2.6	119.3	-20.8	13.5	2	-20.8	-5.2	-18.2	14.8	-8.8	119.3									
TUI Travel PLC	TT.	-0.2	21.5	-0.5	10.5	6	6.4	13.4	3.8	21.5	-0.5	19.9	8.8								
Direct Line Insurance Group PLC	DLG	12.3	11.1	7.5	9.3	2	7.5	11.1													
ARM Holdings PLC	ARM	-20.6	86.1	-25.5	8.7	9	16.4	7.3	-5.6	20.4	12.2	-3.9	-4.6	7.7	-0.4	6.3	11.0	-16.8	-12.6	-25.5	
Sage Group (The) PLC	SGE	-3.8	92.0	-34.0	8.3	14	15.8	-2.2	5.6	3.1	-1.1	7.0	8.5	8.7	15.1	7.2	-5.4	-5.2	-16.0	-34.0	
CRH PLC	CRH	-10.2	24.0	-10.3	8.3	16	-4.3	11.7	15.3	16.2	9.3	11.9	1.2	12.1	15.9	0.4	3.6	-10.3	10.3	16.0	
Compass Group PLC	CPG	1.2	30.1	-1.7	8.2	12	7.9	5.5	8.8	7.5	9.8	30.1	2.4	1.5	6.8	2.2	7.6	18.2	-1.7		
Aberdeen Asset Management PLC	ADN	-13.5	40.6	-9.6	8.0	11	17.2	10.6	10.1	12.7	-3.2	31.3	-7.9	2.4	17.0	22.6	-2.3	40.6	-9.6	-7.6	
Prudential PLC	PRU	8.1	43.6	-3.7	7.2	17	6.0	1.6	1.4	7.2	5.1	43.6	5.3	5.7	7.8	6.0	-2.2	-1.3	3.1	5.0	
G4S PLC	GFS	3.8	16.5	1.4	7.1	9	3.1	4.3	10.1	1.4	5.5	4.9	16.5	7.7	10.2						
Carnival PLC	CCL	4.2	37.7	-15.8	6.7	10	10.1	-3.0	-1.4	11.4	4.1	17.2	4.4	-0.8	3.9	5.4	7.8	-15.8	37.7	13.2	
SABMiller PLC	SAB	14.6	21.4	-4.0	6.1	13	-3.0	6.7	1.5	11.2	9.1	21.4	6.3	8.8	0.5	3.5	4.7	-4.0	5.1	12.9	
InterContinental Hotels Group PLC	IHG	26.6	19.1	-7.5	6.1	8	7.8	8.4	7.9	12.7	4.2	15.0	-7.5	19.1	6.1	-4.6	-2.4				
Randgold Resources Ltd	RRS	10.5	58.8	-17.4	6.0	7	-17.4	-8.1	-11.6	-13.5	6.2	49.1	1.0	-0.3	9.6	-11.6	2.4	58.8	-5.0	-8.8	
BHP Billiton PLC	BLT	-11.0	43.0	-13.0	5.9	11	-3.3	12.2	-4.3	6.0	9.7	43.0	-3.3	-5.3	11.7	4.1	8.0	6.7	3.9	0.4	
Wolseley PLC	WOS	0.9	26.1	-10.7	5.8	17	1.5	2.9	14.3	16.2	-10.7	26.1	5.7	1.9	2.9	2.8	9.2	-5.4	21.1	15.0	
Capita PLC	CPI	1.6	28.6	-6.8	5.6	16	5.6	5.3	-6.8	-4.8	-1.4	16.3	3.6	5.5	6.9	-0.2	7.0	5.9	2.7	5.3	
London Stock Exchange Group PLC	LSE	28.6	47.0	-18.8	5.6	8	9.7	17.0	-4.2	13.2	-18.8	-2.4	5.2	6.2	3.7	47.0	-5.0	-10.2	11.1		
Aggreko PLC	AGK	-9.8	20.9	-17.0	5.5	12	7.4	-17.0	13.3	-6.1	20.3	1.6	-0.6	13.1	8.7	7.2	0.3	20.9	-4.9	9.9	
Travis Perkins PLC	TPK	-7.9	27.1	-10.3	5.5	13	8.9	-4.5	22.7	2.8	27.1	-10.3	9.8	10.7	20.1	2.0	-9.2	3.7	8.6		

Source: AlphaTerminal; 2014 Year To Date (YTD) as at 14 Nov; for full 1994-2013 tables see link below

For access to the [full tables of 1994-2013 sortable data](#) to see where your preferred stocks and sectors stand [click here](#).

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Trade Examples:

Whether you see the index or its components going up or down through year-end one thing is for sure - **tradable opportunities** will present themselves. **Below are some examples** to help you profit from the UK index and the potential moves of its constituent members.

Trading the Index

If you believe the index can regain recent highs of 6900, this implies **270pts upside** from here. **Going long on the FTSE100 index** at £10 per point would require a £230 deposit and net you a **£2,700 profit** if called correctly. If the index **fell by 270pts** however, you would of course **lose £2,700**.

You can **limit your potential loss** with the use of a **stop loss**. For example, you might decide to go long at £10 per point using a 100pt stop loss. If you call the direction wrong and the index falls by 100pts, you would be stopped out with a £1,000 loss.

Of course it is completely **up to you, A) how much** you go into the index (2/4/6/10/20/50/100/1000 pounds per point) **B) whether you go LONG** (think the index will go up) **or SHORT** (think the index will go down) and **C) how far you place your stop loss** away if at all (limiting your potential loss).

Trading equities

If you have a particular equity in mind and would like to trade it in 2014 you can do so using just a 5% deposit to gain full exposure. This can be done via CFDs.

If you are **optimistic** on **Barclays (BARC)*** and wish to gain **long exposure** worth £10,000 via CFDs, you would require a £500 deposit. If the shares rose 50% into year-end you would stand to make £5,000, just as if you held £10,000 of shares, with CFD leverage magnifying the return on your small deposit. If the shares fell another 50%, however, you would of course be liable for the £5,000 loss.

If you are **negative** on **Babcock International (BAB)*** and wish to take **short exposure** worth £10,000 via CFDs, you would require a £1,000 deposit. If the shares fell 25% into year-end you would stand to make £2,500, as if you had sold short £10,000 worth of shares, with CFD leverage magnifying the return on your small deposit. If the shares gained 25%, you would of course be liable for the £2,500 loss.

As with indices, you can use stop losses on Equity CFD positions to limit any losses.

*NB: *Stocks chosen randomly.*

Before taking a position in the Index or Stocks, be sure to contact Accendo for...

- ✓ **Updates** - How does the index or your preferred stock look in terms of investor **sentiment**? News and broker updates can emerge daily affecting share prices. **Optimism** can switch to **pessimism** in the blink of an eye depending on what's going on around the **world**.
- ✓ **How to use CFDs and Spread Bets to maximise your profit potential.**
- ✓ **How to use the tools available to minimise the risk involved.**

To find out what makes **Accendo Markets** stand out from the rest.....

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The Accendo approach – what's different?

At **Accendo Markets** we don't tell you what to do. It's your call whether you buy or sell. Our aim is to provide the **help** you need highlighting opportunities which may be profitable to you, the trader, and assist you in making **trading decisions** from which you can benefit by the use of **leveraged instruments**.

Our approach focuses on **3 elements** below;

- **Education - not obligation**
- **Observations - not recommendations**
- **Assistance - not persistence**

Our unique and **award-winning service** provides you with the help and tools you need to make appropriate trading decisions in the financial markets, both to grow and **protect your capital**.

CFDs – A simple way to increase profit potential

While **traditional VOD shares** require the full amount be paid up front (e.g. 5,000 shares at 200p, would require the full £10,000 outlay) an **identical trade** using CFDs involves an **initial outlay** of just £500 (VOD CFDs require a 5% deposit). The outlay is lower but the **risk and reward are the same** as if £10,000 of shares were held.

The VOD **CFD trader** benefits/suffers to the same extent as the **traditional VOD shareholder** but has the advantage of **not having to part with the full amount** at the outset. He also saves on **stamp duty** as there is no physical purchase. Best of all, the CFD trader can take a **positive or negative view**.

Should you **not be interested in the leverage** advantage of CFDs but do wish to **purchase VOD shares**, you can always **treat CFDs like shares** (also avoiding stamp duty). Simply deposit the full value of the share position you would like to take (i.e. £10,000) and take an equivalent CFD position (note that overnight financing costs will still apply).

Think VOD shares will **rise**? Take a **long position** by buying the CFDs. Think its shares will **fall**? Take a **short position** by selling the CFDs. For a more detailed rundown of CFDs, their mechanics, associated costs and some trading scenarios [click here](#).

Beware that the combination of CFD **leverage** and bigger share-price movements (**volatility**) can result in bigger than expected losses which can even exceed your original deposit.

For any questions on how to trade the FTSE or its Stocks via CFDs or shares, including ways in which your risk can be managed, call us to discuss on 0203 051 7461

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