

Buy – Aviva (AV)

September 27, 2012

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:

Open	Stops	Limit/Target	Reward vs. Risk	CFD Margin
322.5p	310p (12.5p trail; 3.3p step)	365p	3.4x	10%

Technical Observations - For

- Shares bounced off key 5-month 320p level
- MACD improved while shares declined – positive divergence
- Directional indicators close to bullish cross
- RSI recovered from oversold; 200-day moving average at 315p
- Momentum recovered to positive territory bullish cross

Technical Observations - Against

- Several longer term indicators show conflicting signals
- MACD still has hurdle of falling highs to clear
- Momentum & RSI still have hurdles of falling highs to clear
- Volume not seen significant increase yet on bounce
- Volume on price (grey bars) suggest resistance at 330p

Latest News / Broker Comments / Important Dates **

Shares up today on sale of Sri Lankan joint venture stake to AIA (27 Sept). BoA-ML downgrades to Underperform from neutral but ups TP to 360p from 330p after strong run on comforting macro news and hopes that restructuring will end long term share price underperformance (18 Sept). Deutsche Bank cuts to Hold from Buy after recent gains, but ups target to 375p from 370pas confident on new management strategy. Sees narrowing discount to sector (18 Sept). **Next Event:** Q3 interim management statement, 8 Nov

Latest Broker 12-month Consensus: **8 x Buy, 11 x Hold, 4 x Sell** (Source: Digital Look) (U = Upgrade / D = Downgrade)
21-Sept, ExaneBNP, Outperform (U), TP 1450p (U); **12-Sept,** Nomura, Reduce, TP 1200p; **14-Aug,** Morgan Stanley, Equal weight, TP 1350p (D); **3-Jul,** AlphaValue, Add (U), TP 1314p; **27-Jul,** Jefferies, Hold, TP 1265p; **27-Jul,** Numis, Hold (D);



Stock description

Aviva PLC is an international insurance company that provides all classes of general and life assurance, including fire, motor, marine, aviation, and transport insurance. The Company also supplies a variety of financial services, including unit trusts, stockbroking, long-term savings, and fund management.

Graph: 1-year (daily)

Stock last used as Trade Idea; 10-Aug-2012 ([click to view](#))

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

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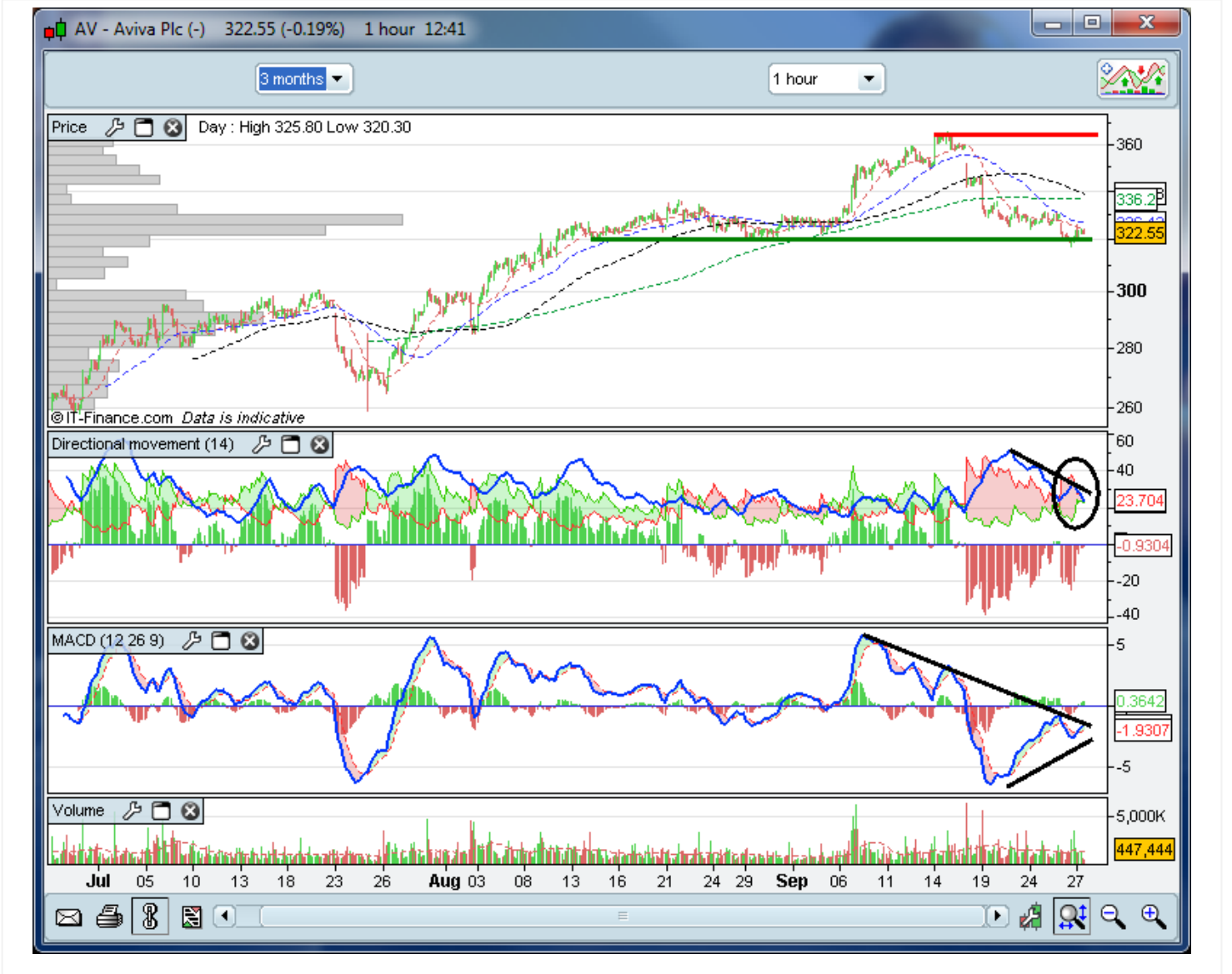
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Graph: 1-year (daily) - MACD, ADX and Directional Indicators



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Graph: 1-year (daily) - RSI, Performance relative to FTSE 100



Share Perf %	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
	-3.07	0.05	-1.57	6.44	-19.61	-28.46	-32.4	-58.01

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