

Buy – Prudential (PRU)

October 1, 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 811p	Stops 795p (21p trail; 8.5p step)	Limit/Target 880p	Reward vs. Risk 4.3x	CFD Margin 10%

Technical Observations - For

- Shares at base of rising channel
- MACD rallied back to near breakeven – positive divergence
- Negative directional indicator (strength of down moves) falling
- RSI shows rising lows; Momentum shows rising lows
- Support from 50-day moving average at 800p

Technical Observations - Against

- ADX (trend strength) low
- Momentum shows falling highs – resistance
- RSI not bounced from oversold
- Volume on price (grey bars) suggest resistance at 820p
- Volume tailed off since price bounce off trendline

Latest News / Broker Comments / Important Dates **

Ratings agency Fitch says upgrade unlikely in near-term (6 Sept). SocGen ups TP to 900p from 810p following H1 results which were encouraging showing resilience of annuity portfolio, good performance in Asia. Remains one of few growth plays in European insurance, without exposure to euro-area risk (13 Aug). Hargreaves says H1 results show little not to like, with Asia growing strongly (10 Aug). Oriel says H1 results better than expected (10 Aug). **Next Event:** Full year results in Mid-March next year

Latest Broker 12m Consensus: **12 x Buy, 6 x Hold, 3 x Sell** (Source: Digital Look & AlphaTerminal) (U = Upgrade / D = Downgrade) **7-Sept**, Credit Suisse, Outperform, TP 814p; **24-Aug**, Exane-BNP, Sell; **22-Aug**, Panmure, Buy; **22-Aug**, SocGen, Buy, TP 900p; **16-Aug**, Nomura, Reduce, TP 680p (D); **7-Aug**, Investec, Hold, TP 688p; **6-Aug**, Jefferies, Hold, TP 840p (U);



Stock description

Prudential plc is an international company which provides a wide assortment of insurance and investment products and services. Insurance products include life, accident and health, property and casualty insurance, as well as fixed and variable annuities. Financial and investment services include personal and group pensions, equity plans, mortgages and deposit accounts.

Graph: 3-months (hourly)

Stock last used as Trade Idea; 22-Feb-2012 ([click to view](#))

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

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Graph: 3-months (hourly) - MACD, ADX and Directional Indicators



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Graph: 3-months (hourly) - RSI, Performance relative to FTSE 100



Share Perf %	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
	-1.66	3.21	10.36	45.7	25.54	37.9	80.7	4.4

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