

## Back to square one?

June 2013

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### UK stocks gone full circle

Since the **FTSE100** hit a **13yr high** of **6875** on May 22 (after a **16.6%** rally from 1 Jan), it has **corrected 12.7%** on fears of a premature end to the US Central Bank's (**Fed**) exceptionally **accommodative monetary policy**, potentially kicking a prop from under markets and signs of **money market stress** in **China** (world's #2 economy) which have added to existing concerns about slowing growth in that **emerging market**. Doubts over the **global recovery** have grown.

Several big **UK shares** are almost back to where they started the year, having given up **significant gains** (up to 40%). Could **interest return** to these names with traders/investors not wanting to **miss out** on a **second bite at the cherry** should there be **another rally** in the second half of the year?

**Warren Buffet** advocates picking up things at the point of **maximum market fear** and ditching them when everyone is excited. **How do you feel** right now? Fearful could be a good sign after the falls of late with the UK index finding support around the **round number 6,000** and breaking back above 6100.

### Now the right time? To buy or sell?

While many brokers have **suggested buying** while markets were falling, tapping into our **natural bullishness** and deciding to '**call the bottom**', this report is set out to be more thought-provoking, providing you with an example of the kind of service **Accendo Markets** provides its clients, pointing out not just the stocks that have gone **full circle in 2013** and could see a **rebound**, but also those which have held up more than you might expect or indeed done much worse.

Armed with this **information**, you as the trader/investor are in a position to **make your own decision** as to what you consider the best opportunities in terms of **potential for upside** and recovery as well as those which may only now be **starting to show signs** of weakness before a **correction**.

### Long or Short? It's up to you

Whatever you trade is up to you, as is the direction you want to trade in. Long the high-beta and fast-moving **Banks** or **Miners**, or short the slower moving **utilities** or **food retail**? The choice is yours and Accendo Markets exists to provide you with whatever you need to make an **informed decision**, be it what's going on in the wider markets or just the news on a handful of stocks.

### The UK's biggest Winners & Losers

The **tables** on the following page look at the **Winners and Losers** of the FTSE 100 and 250 (the **UK's biggest 350** by market capitalisation) and represent some of the most traded stocks.

**To know more** about the stocks mentioned and the additional stock-specific news which has seen names like **ARM Holdings** (ARM) fall more than the market (Samsung has chosen Intel's chips for its

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new tablet, concerns over global growth and smartphone market) and financial **Aberdeen Asset Management** (ADN) be so weak (CIO sold shares, small acquisition, difficulty in trading around market volatility and uncertainty on central bank stimulus), you can speak to your **dedicated broker** as an Accendo Markets client to be brought up to speed promptly.

In addition we **monitor** daily the views of the big **City scribblers** (analysts) for any changes in recommendations (Buy, Hold or Sell?) and target prices as these can be market moving.

### FTSE 100 & 250 – Winners & Losers of recent correction\*

FTE 100 Loser	Ticker	% +/-	FTE 100 Winner	Ticker	% +/-
ARM Holdings PLC	ARM	-28.8	Admiral Group PLC	ADM	1.7
Aberdeen Asset Management PLC	ADN	-27.7	RSA Insurance Group PLC	RSA	1.6
Vedanta Resources PLC	VED	-22.0	Whitbread PLC	WTB	1.3
Old Mutual PLC	OML	-21.6	ITV PLC	ITV	0.5
Glencore Xstrata PLC	GLEN	-21.0	Kingfisher PLC	KGF	-0.2
Severn Trent PLC	SVT	-20.5	Lloyds Banking Group PLC	LLOY	-1.8
Anglo American PLC	AAL	-20.0	easyJet PLC	EZJ	-3.4
Eurasian Natural Resources Corporation PLC	ENRC	-19.7	Carnival PLC	CCL	-4.1
Schroders PLC	SDR	-18.8	British Sky Broadcasting Group PLC	BSY	-4.3
Royal Bank of Scotland Group (The) PLC	RBS	-17.9	Imperial Tobacco Group PLC	IMT	-4.6

FTE 250 Loser	Ticker	% +/-	FTE 250 Winner	Ticker	% +/-
Man Group PLC	EMG	-39.7	Ted Baker PLC	TED	21.9
Kazakhmys PLC	KAZ	-36.0	PayPoint PLC	PAY	20.0
Evrax PLC	EVR	-35.0	Xaar PLC	XAR	19.3
Hochschild Mining PLC	HOC	-31.3	ICAP PLC	IAP	11.3
Ferrexpo PLC	FXPO	-30.5	Homeserve PLC	HSV	10.8
Salamander Energy PLC	SMDR	-29.4	Tullett Prebon PLC	TLPR	10.7
Polymetal International PLC	POLY	-26.2	Atkins (W S) PLC	ATK	9.0
Halfords Group PLC	HFD	-24.9	Brewin Dolphin Holdings PLC	BRW	7.1
Ashmore Group PLC	ASHM	-24.3	BTG PLC	BTG	6.2
Oxford Instruments PLC	OXIG	-22.9	UK Commercial Property Trust Ltd	UKCM	4.8

Source: AlphaTerminal \*Performance calculated from close May 21 to intraday 25 Jun

### Full circle already in 2013

More interesting though could be the stocks which have retraced almost all of their Jan 1 to May 21 gains and which could find renewed interest as traders jump back in hoping the shares find their feet again and post similar performance in the second half of the year. Below are a few of the best examples from both indices. For a more complete and up-to-date list speak to your Accendo contact.

FTSE 100 Full Circles	Ticker	% to 21 May*	% since 21 May	FTSE 250 Full Circles	Ticker	% to 21 May*	% since 21 May
ARM Holdings PLC	ARM	+38.7	-28.8	Bwin.Party Digital Entertainment	BPTY	+25.2	-19.3
Aberdeen Asset Management PLC	ADN	+31.4	-27.7	Essar Energy PLC	ESSR	+24.7	-18.1
Severn Trent PLC	SVT	+30.1	-20.5	Home Retail Group PLC	HOME	+22.5	-16.2
Burberry Group PLC	BRBY	+25.7	-16.9	Electrocomponents PLC	ECM	+17.0	-16.1
Old Mutual PLC	OML	+22.3	-21.6	Premier Farnell PLC	PFL	16.2	-15.5
Wolseley PLC	WOS	+20.1	-15.6	Hays PLC	HAS	+15.4	-12.7
National Grid PLC	NG	+20.0	-14.9	EnQuest PLC	ENQ	+15.0	-14.1
HSBC Holdings PLC	HSBA	+18.3	-14.3	Pennon Group PLC	PNN	+13.9	-11.4
United Utilities Group PLC	UU	+16.9	-16.7	Amlin PLC	AML	+13.7	-13.4
British Land Co PLC	BLND	+14.4	-13.7	Premier Oil PLC	PMO	+13.7	-13.4
Tesco PLC	TSCO	+14.4	-15.2	QinetiQ Group PLC	QQ	+12.8	-13.0

Source: AlphaTerminal \*Performance 1 Jan to 21 May market top

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## Summary

Some big names have fallen by 15-40% in recent weeks and could offer **opportunities for recovery** trades. At the same time there is a **handsome bunch** which have held up well and in some cases even risen which could be ripe for a correction. Falls may be justified on global growth concerns or **stock-specific issues**. Rises may be thanks to good news from which the stock may continue to **benefit**. Whether there is a trade to be had is up to you.

Furthermore there are many stocks which **rallied into the market highs** of May 21<sup>st</sup>, before **giving up almost all of these gains** and so could see support at current in anticipation of a rebound.

## Trading example

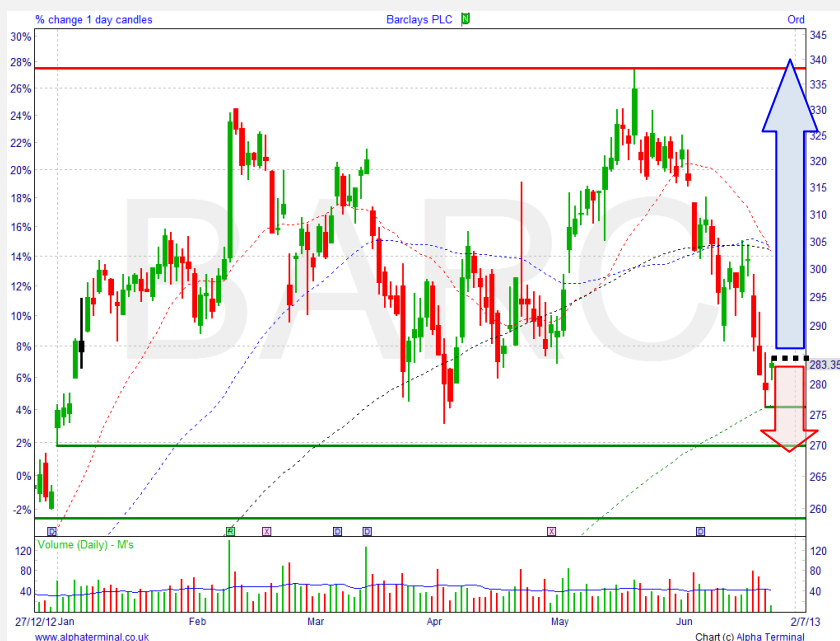
**Barclays** (BARC) is a prime example of a stock which has almost gone full circle since the beginning of the year. It is attracting additional interest because it has already done so once and so could do it again.

Having fallen 18.3% from May highs, shares bounced at 276p, corresponding with the 200-day **moving average**. To profit from **potential upside of 19.3%** back to May highs a Long position could be opened with **protection 6%** away at 268p (6% allows breathing space and takes into account 2013 lows below which we would presume a change of trend). Note stops can be placed as close/wide as you wish.

Presuming £10,000 exposure to Barclays (£1,000 margin required; 10% deposit), if the shares did recover you'd stand to make £1,930, but if they fell your risk would be limited to £600. Best of all the trade has an attractive **risk:reward** of 3.2x. The earlier you enter the bigger the reward and lower the risk, and a ratio bigger than 3.0x also allows gains from one winner to make up for three losses.

*N.B. This example is for risk vs. reward purposes and not a trade recommendation.*

### Barclays Shares 2013 – Risk-reward set-up



With **many of these stocks listed** heavily traded by UK investors/traders they are important from both a market point of view as well as representing a **cornerstone** of many a portfolio. **If you own or trade** any of the names above or indeed elsewhere Accendo Markets is here **keep you abreast** of all developments. If something major is announced, **when will you find out?** That day? The next?

The **benefits** of working with **Accendo Markets** is getting a call from your trader in time, not just sometime.

Source: AlphaTerminal

For what else makes **Accendo Markets** the best, and stand out from the rest, see over...

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### The Accendo approach – what's so 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 all the **help** and information you need, highlighting opportunities which may be profitable to you, the trader, and assist you in making **trading decisions** which can benefit from **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 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** from just £500 (**CFDs** require deposits of 5-25%). The outlay is lower but the **risk and reward are the same** as if £10,000 of shares were held and best of all you are **still eligible** for the **dividends**.

The **CFD trader** benefits/suffers to the same extent as the traditional 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 UK shares, you can always **treat CFDs just 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 the 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, however, that the combination of CFDs' **leverage** and bigger share-price movements (**volatility**) can result in bigger than expected losses which can even exceed your original deposit.

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**Should you have any questions on how to trade UK shares via CFDs, including ways in which your risk can be managed, call us to discuss on 0203 051 7461**  
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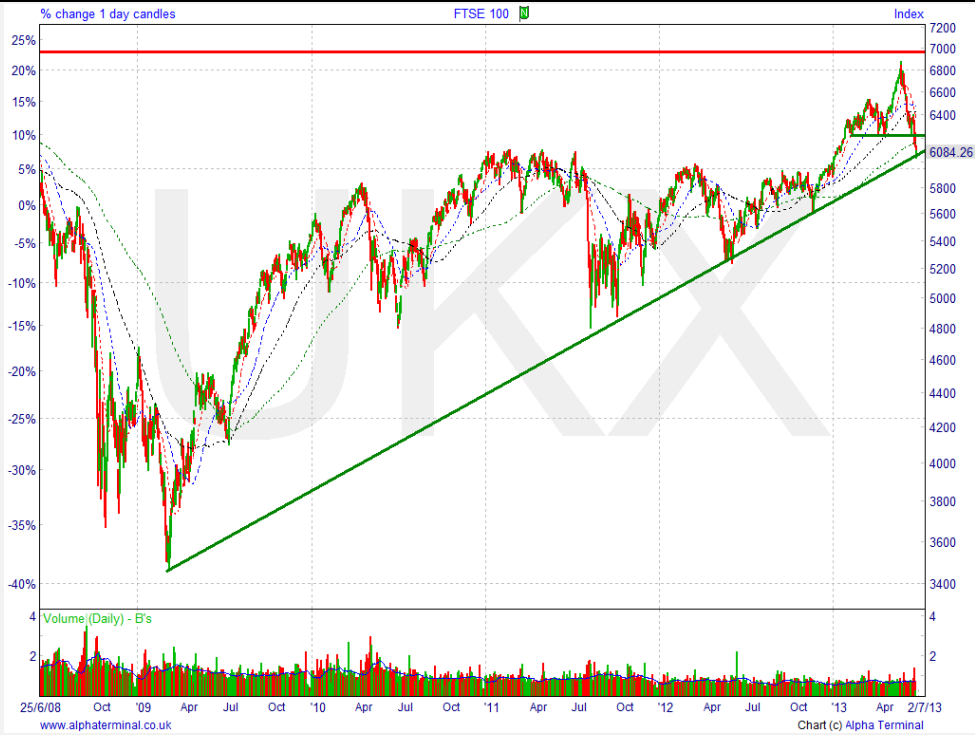
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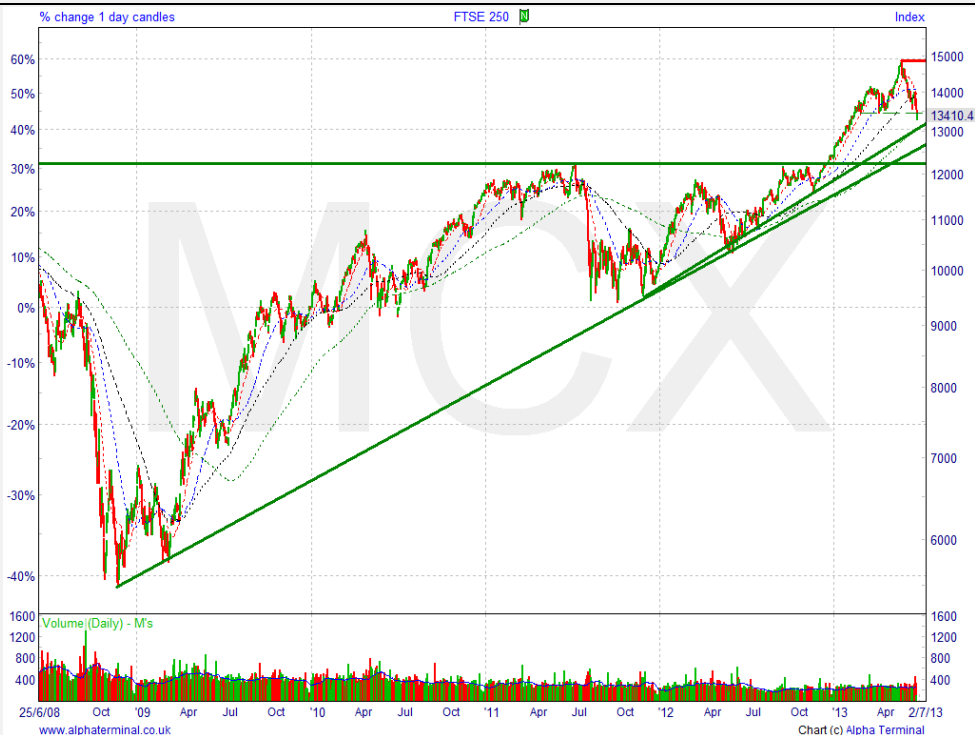
\*\*\*\*\*NOTE: RED/GREEN TRENDLINES RELATE TO POTENTIAL SUPORT AND RESISTANCE, AND INDICATIVE ONLY.

## UK FTSE 100 Index – 5yr graph – 12.7% recent correction\*



Source: AlphaTerminal \*Performance calculated from intraday high May 22 to low of Jun 25

## UK FTSE 250 Index – 4yr graph – 10.8% recent correction\*



Source: AlphaTerminal \*Performance calculated from intraday high May 22 to low of Jun 25