

UK Daily Hotline

13 January 2014



UK Index Summary

	Close	Volume	1 day Change		P&F Trend		Stop
FTSE 100	6739.94	789.8m	+48.60	+0.7%	Bull ▲	22 Oct 2013	6400.00
FTSE 250	16191.7	246.7m	+242.76	+1.5%	Bull ▲	19 Dec 2013	15200.00
FTSE SmallCap Index	4512.98	95.4m	+35.74	+0.8%	Bull ▲	12 Jan 2012	4275.00
FTSE All Share	3616.03	1,061.8m	+30.35	+0.8%	Bull ▲	22 Oct 2013	3420.00

Closing prices through Fri Jan 10, 2014

FTSE 250 makes new all-time high

Following the briefest and shallowest of pauses in the early days of the year, to consolidate the prior advance, the **FTSE 250** index has jumped up to record levels. Although indicators are overbought again, the path of least resistance is up, for the short term at least. A fall beneath the sideways area along 15500 would be required to show pattern deterioration, and this worry bulls.

The **FTSE 100** lags, as it remains confined beneath last year's ceiling around 6800.



Index Breadth

The **FTSE 250 P&F Bull Trend Breadth** has edged higher. Extending the short-term rally off 60%, valuations have now approached overbought levels in the 80% region.



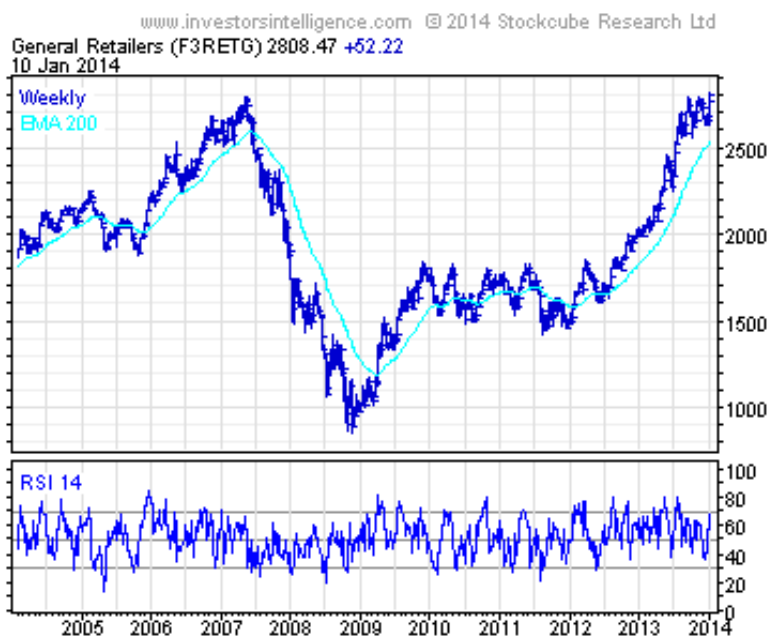
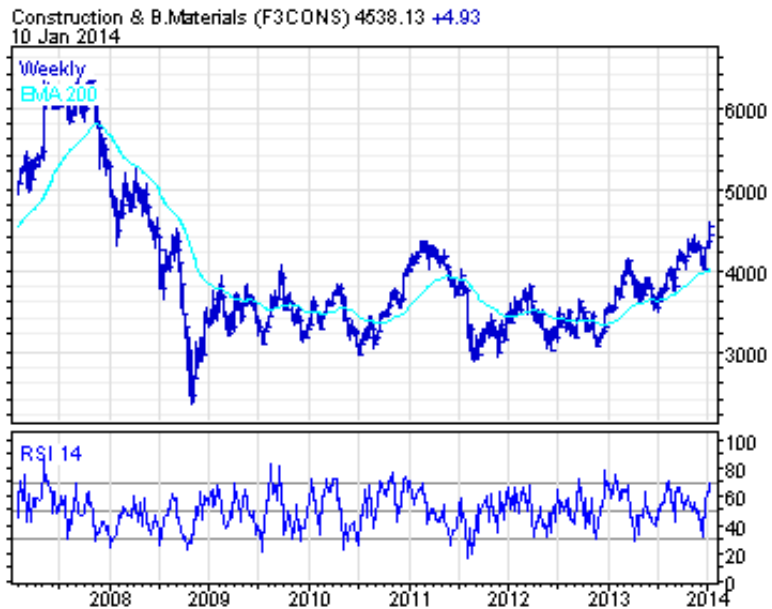
Sectors

The **Construction & Building Materials** sector index has broken out of a multi-year base formation. That region should support further gains.

The related **Real Estate** sector index also rallies to multi-year highs.

It is also noted that the **General Retailers** index has cleared the 2007 ceiling. This follows a period of ranging from about mid-2013. A fall beneath the 200-day MA would be required to damage this pattern.

In contrast, the **Food & Drug Retailers** have slumped to the mid-2013 floor. A clearance of resistance at the 50-day MA, around 4500, is needed to reaffirm support at that low.



Stock Action

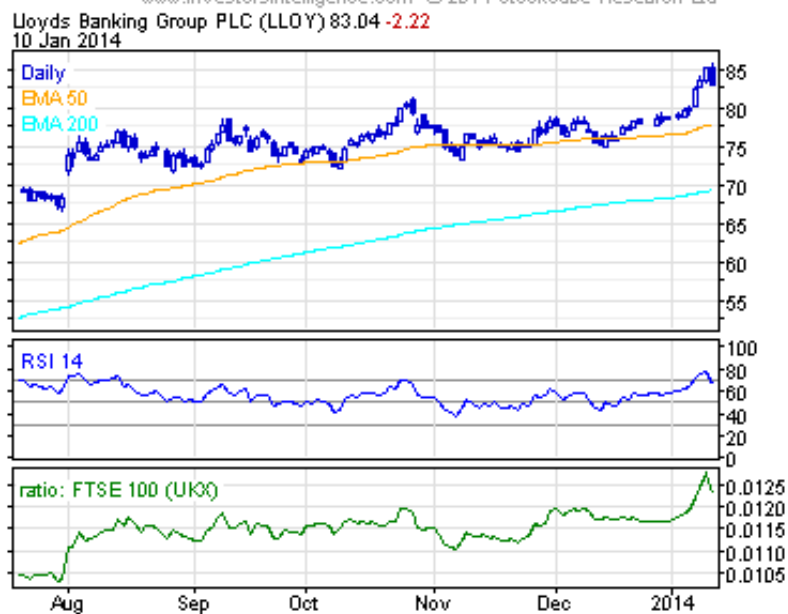
Debenhams may have started a basing process. The late-2013 one-day slump to a new low did not see any follow-through. In fact, a recovery has taken place. That said, bullish resolve is about to be tested, as the 31 December high at 83.50 looms.

N.B. Sports Direct has purchased 4.6% of Debenhams' shares.

Lloyds Banking Group has plotted a 'Peak' Key Day Reversal as it starts to unwind the overbought condition (see recent high level of the RSI). There is a risk of further slippage towards the 50-day MA over the short term.



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Portfolio Update

The remaining profit, 7.47%, is booked on the long held in **Lloyds Banking Group** (see Stock Action section above).

Smith & Nephew has edged higher into uncharted territory. We remain long and raise the stop to 810.

The stop on the short held in **Intertek Group** is lowered to 3200. This action locks in a profit.



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Chart of the day: Breakout by Taylor Wimpey

The **Taylor Wimpey** stock has jumped clear of the broad trading band forming between 100-115, approximately. Although the RSI is indicating an overbought state, a fall beneath the gently rising 200-day moving average, currently situated near the psychological 100 number, would be required to damage the longer-term outlook for the share (hence the stop on the long held here is at 99).

One has to consult graphs dating back to 2008 to locate next chart resistance, which is around 150; at the January-April ceiling of that year.



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Portfolio

UK Equity Trading (long/short) Longs

Date	Stock	Code	Type	Open Price	Current Price	% P&L	Stop	Comment
20 Sep 2013	Reed Elsevier PLC	REL	Long	845	907.5	+7.40%	800	
4 Oct 2013	GKN PLC	GKN	Long	352.9	384.5	+8.95%	325	
9 Oct 2013	Taylor Wimpey PLC	TW/	Long	103.8	120	+15.61%	99	
17 Oct 2013	Vodafone Group PLC	VOD	Long	229.3	234.65	+2.33%	210	
18 Oct 2013	Prudential PLC	PRU	Long	1264	1376	+8.86%	1160	
21 Oct 2013	QinetiQ	QQ/	Long	202.8	229	+12.92%	194	
24 Oct 2013	Rolls-Royce Group PLC	RR/	Long	1174	1239	+5.54%	1090	
8 Nov 2013	International Consolidated Airlines	IAG	Long	376.9	427.9	+13.53%	343	
20 Nov 2013	Travis Perkins PLC	TPK	Long	1748	1884	+7.78%	1630	
27 Nov 2013	Lloyds Banking Group PLC	LLOY	Long	77.27	83.04	+7.47%	71	
28 Nov 2013	Aviva PLC	AV/	Long	432.7	469.9	+8.60%	400	
3 Dec 2013	Smith & Nephew PLC	SN/	Long	828.5	880.5	+6.28%	795	
4 Dec 2013	Melrose PLC	MRO	Long	287.4	304.7	+6.02%	265	
5 Dec 2013	Shire PLC	SHP	Long	2707	2914	+7.65%	2575	
12 Dec 2013	United Utilities PLC	UU/	Long	655.5	659.5	+0.61%	630	
16 Dec 2013	St James's Place PLC	STJ	Long	665	746.5	+12.26%	615	
3 Jan 2014	Home Retail Group	HOME	Long	199.2	198.3	-0.45%	180	
9 Jan 2014	British Land Co PLC	BLND	Long	633	638.5	+0.87%	590	

UK Equity Trading (long/short) Shorts

Date	Stock	Code	Type	Open Price	Current Price	% P&L	Stop	Comment
12 Sep 2013	Spirax-Sarco Engineering PLC	SPX	Short	3016	2938	+2.59%	3040	
17 Oct 2013	Intertek Group PLC	ITRK	Short	3210	3052	+4.92%	3400	
4 Nov 2013	Pennon Group PLC	PNN	Short	675	663	+1.78%	705	
20 Nov 2013	BAE Systems PLC	BA/	Short	434.4	434	+0.09%	460	
21 Nov 2013	Michael Page International PLC	MPI	Short	456.5	487.5	-6.79%	500	
21 Nov 2013	Segro PLC	SGRO	Short	319.3	339.5	-6.33%	345	
28 Nov 2013	BP PLC	BP/	Short	481.5	497	-3.22%	500	
3 Jan 2014	Glencore	GLEN	Short	307.5	318.75	-3.66%	325	
6 Jan 2014	GFS PLC	GFS	Short	254.7	250.7	+1.57%	268	
6 Jan 2014	BHP Billiton PLC	BLT	Short	1828.5	1780.5	+2.63%	1900	
6 Jan 2014	Premier Oil PLC	PMO	Short	312.6	315.4	-0.90%	325	
7 Jan 2014	BBA Group PLC	BBA	Short	311.7	318.6	-2.21%	330	
7 Jan 2014	Croda International PLC	CRDA	Short	2408	2337	+2.95%	2485	
8 Jan 2014	Diageo PLC	DGE	Short	1938.5	1978	-2.04%	2010	
8 Jan 2014	Party Gaming PLC	BPTY	Short	115.9	112.3	+3.11%	125	
9 Jan 2014	BHP Billiton PLC	BLT	Short	1772	1780.5	-0.48%	1845	
9 Jan 2014	Burberry Group PLC	BRBY	Short	1421	1473	-3.66%	1500	

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