



11th February 2011

FTSE 100 stock recommendation

Buy WPP
Technical
Fundamental

Buy WPP



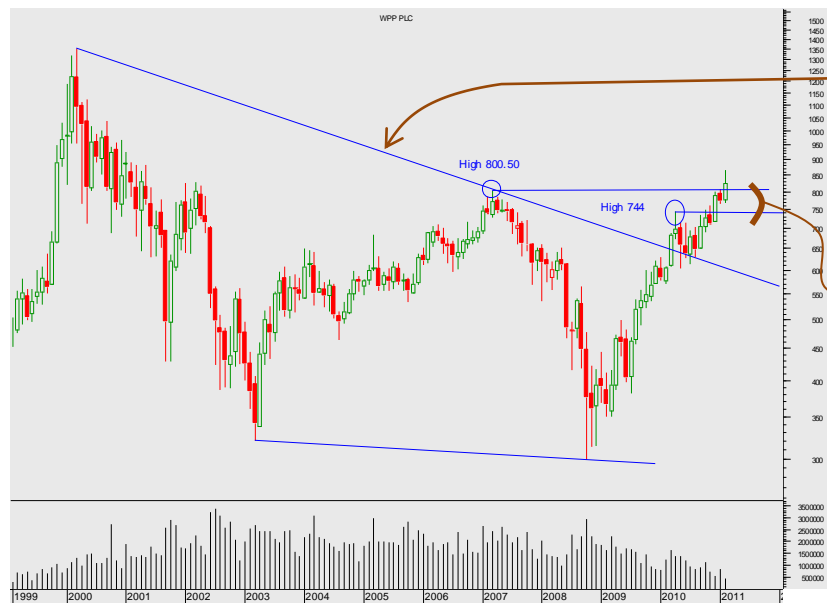
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Buy WPP @ 824 (close 10th). Stop @ 750

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MONTHLY Chart

The market looks to be in the grip of the upward impetus of a massive bull falling wedge that completed in early 2010.

The fresh bull impetus just recently has arisen from the drive up through the band of Pivotal Prior Highs 744-700.50 which should now act as good support on any pull-back.

(Would a close above 800.50 on the month (ie end-February the completion of a large Double Bottom? **We think so**)

Look closer.



WEEKLY Bar chart

The push up through the 800.50 High has been spectacular ...





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DAILY Bar chart

The detail of the push up through the 800.50 High shows the hesitation beneath that level, and the current supports both short (806.50) and long-term (800.50).

Note **the refusal to sell off**: the influence of the succession of Prior High supports beneath the markets is clear.

Stops 750





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FUNDAMENTALS:

- WPP is global company operating in all areas of the world. It is a very diverse company operating in all segments of the advertising, media and communications sector.
- Turnover is reasonably evenly spread across the globe with 38% in Europe, 35% in the US and 27% in Asia. This rather even spread of turnover has helped WPP perform relatively well in recent times. In particular, turnover from Asia has help buffer the effects of the downturn in Europe and the US.
- WPP, like the rest of the sector, was very badly hit in large parts of the world during the meltdown following the financial crisis of 2008 and 2009. One of the first areas typically to be cut as economies enter recession is the budgets for advertising and other media activities.
- However, since the start of the recovery in 2009 corporate clients have started to spend more again on advertising and marketing. Various reports show that spending was set to increase by over 5% in 2010 and further in 2011.
- WPP is a world leader in this sector and is represented throughout the world. The strength of the company can be seen by the fact it has constantly outperformed both regional and global media indexes leading into and out of the financial crisis.
- Although the share price has moved up in recent times based on the strong fundamentals of the underlying company as well as the global environment it is operating in there is strong potential for it to make further strides.
- WPP will be announcing full year results for 2010 on 4th March 2011 and the expectation is for them to be upbeat both from the numbers and the comments

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Risk Disclaimer

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