



1<sup>st</sup> March 2011

# FTSE 100 stock recommendation

Sell Rand Gold  
Technical  
Fundamental

## Sell Rand Gold Resources



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Sell Rand Gold @ 5010 (close 1st). Stop @ 5502

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### WEEKLY Chart

The market has formed a large Double Top and simultaneous with the completion of that Top, has broken down through the first support from the Prior Highs at 5450-5400.

Note that prior to the Double Top, the long run bull trendline support from 2008 was broken.

The medium-term bear case is clear.

Minimum move implied by the Top?  
4200 or so.



### DAILY Bar chart

The short term chart suggest that the consolidation beneath the broken Prior High supports has taken the form of a bear Triangle.

Note too the failure to the bulls to rally back through the downtrend resistance....

Cautious bears will wait for a break of the rising diagonal beneath the market... But we are sellers here.  
Stop at 5502





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## FUNDAMENTALS:

- Randgold Resources has been a very poor performer over the past few months. While the sector within which it operates should mean it is doing a lot better.
- The past two sets of company results have come in well below expectations and therefore have disappointed the market.
- One of the main issues affecting the performance of Randgold Resources is the fact that many of its operations are politically unstable countries. For example the troubles towards the end of 2010 in Cote D'Ivoire prevented it from bringing to market a large amount of gold mined there.
- Given the fact that price of gold was at very high levels at the end of 2010 this prevented the company from realising expected earnings which hit the company's profit levels.
- Given the regions of west and east Africa where Randgold Resources mainly operates in it is hard to see how the performance of the share price can improve in the short even though the underlying gold market remains very strong.

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## Risk Disclaimer

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