

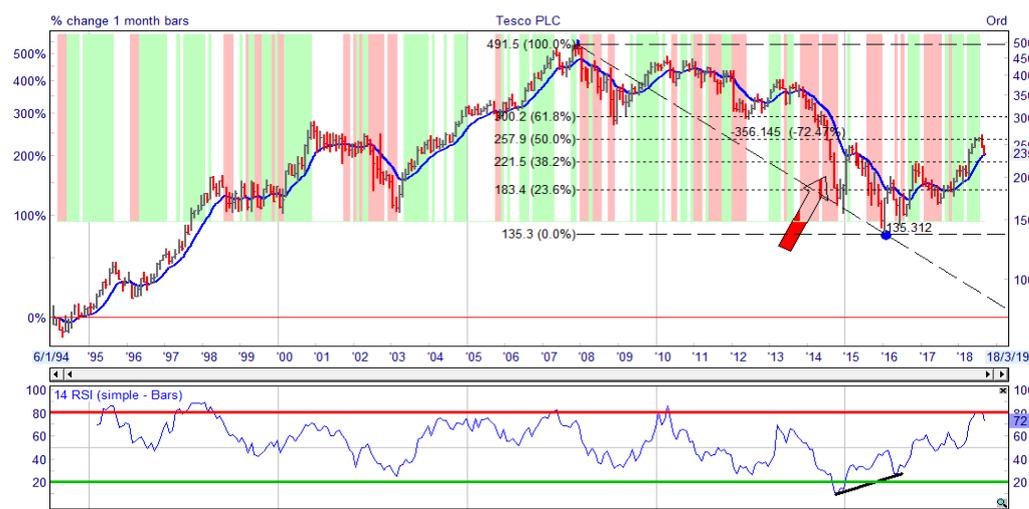


Forget Fundamentals, [Technicals Win](#)

"[On Your Bike Jack, Fibonacci Rules](#)," penned just two weeks ago, updated on the announcement by UK retailer Tesco PLC of its planned 60 discount stores, branded as "**Jack's**" in an effort to fend off the German retailers, LIDL & ALDI.

More to the point, it reminded that by utilising technical analysis, patterns in market data combined with tried and tested tools to identify trends and make predictions from them, **a projected downside target of 72p**, from its then 203p per share, was made 4-years ago, **also** suggesting a likely bounce towards 250-300p **before** the next lurch lower.

That panned out quite well, as was shown within the first chart:



The U.K.'s largest grocer by market share released its first-half financials earlier this week, which stated a pre-tax profit of £564m versus £553m in H117, on an increased revenue of £31.73BN against £28.34BN.

Tesco also raised the interim dividend to 1.67 pence a share from 1.00 pence a year earlier, when it resumed dividend payments following the cessation that followed the fall-out of its "accounting scandal."

So, from a "fundamental" standpoint, which is how most investors pick a stock, the yield is at 1.4% with a price-to-earnings ratio of 22. Furthermore, of the brokers who cover Tesco, nine of them rate the Tesco share price a "buy" with 4 of them expecting an outperformance against the market:

Tesco PLC TSCO							
Consensus		Outperform		(unchanged)		20 brokers	
Price target		264p		(last close 215p)			
Recommendation	Brokers	Forecast	Feb 2019	+/-%	Feb 2020	+/-%	
Buy	9	Turnover	£64,100m	+11.6	£65,600m	+2.21	
Outperform	4	Pretax	£1,770m	+36.3	£2,150m	+21.3	
Hold	4	EPS	14.1p	+47.3	16.9p	+20.1	
Underperform	3	Dividend	5.51p	+83.7	7.66p	+39	

Meanwhile, the 19th September "technical" view observed the following:

- The share price has found "support" at the **200-day moving average** but any bounce will likely find resistance at the **50-day moving average**, through which the price has fallen, **itself a warning bearish sign as is our signal change from Buy to Neutral**.
- **IF** the share price moves back above the **50-day MA** and the colour-coded signal returns to **Buy**, there is a decent chance of making that 300p target, coincidentally at the 61.8% Fibonacci number, but **IF** the price falls, allowing the **50 ma** to cross the **200 ma**, known as a "death cross" and discussed elsewhere within these overviews, then we are likely on for a re-test of that 135p level before focussing on 72p.



In the event, the share price touched the **50 ma** at 245p, ignored the "**bullish**" news and forecasts and has promptly slumped by 12% over the past 5-days, accompanied by our colour-coded signal turning from **Neutral** to **Sell**.

The "**death cross**," mentioned above, is perilously close now and once it is triggered will speed the Tesco share price towards the 135p target stated on the 19th September and shown by the **red arrow** within the second chart above.

Aside of the colour-coded signal change, the target price is guided by the **black-trend-channel** and the Fibonacci projection ratios shown.

With **ALL** of the major stock indices at precarious levels, it is an ideal time to consider the "**Investment Timing Service**," which currently offers a "**Mega-Deal**" discount trial as, like the Tesco share price, the reversal will be brutal.

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