



GIBRALTAR ASSET MANAGEMENT
STOCKBROKERS & INVESTMENT MANAGERS

Cyclical Options

The objective is to sell front month (where possible) out-of-the-money calls/puts on cyclical stocks with good earnings visibility and trading on reasonable p/e ratios. Any option that is in-the-money at any time will be rolled forward to a suitable series. Risk rating = High. Timescale = 2 months.

BG Group Oil & Gas Producers **1336p** **Dividend to factor in:04/08/10 6.35p**

BG is a gas and oil exploration company with phenomenal prospects in Brazil, a world leading LNG business and is a prime takeover target to boot.

Recommended option series: Calls not recommended - takeover target
August 1200 puts 16p J.P.M. Cazenove has a 1600p price target

BHP Biliton Mining **2323p** **Dividend to factor in:None**

A global mining giant, BHP produces iron ore, copper, diamonds, aluminium, oil and natural gas though it is base metals that remain the core of the business.

Recommended option series: August 2600 calls 16p strike price at all time high
August 2100 puts 29p strike price below lower bollinger band

Prudential Life Insurance **711p** **Dividend to factor in:18/08/10 6.61p**

One of the UK's largest life insurers, Prudential has operations around the world including the US and the fast growing Asian markets.

Recommended option series: August 760 calls 8p strike price above upper bollinger band
August 640 puts 7p strike price below 200 day moving average

Standard Chartered Banks **1549p** **Dividend to factor in:11/08/10 23.35cts**

An international bank predominantly operating in the fast growing emerging markets of Asia. Trades at a discount to its rival HSBC.

Recommended option series: Calls not recommended - stock at a low
August 1400 puts 15p strike price below recent low

Xstrata Mining **1299p** **Dividend to factor in:None**

Xstrata operates extensively in Australia, but also mines for coal in South Africa and for zinc in Spain and Germany. The group also operates copper mines in Argentina and Peru.





Recommended option series: Calls not recommended - stock at a low
August 1100 puts 9p strike price below lower bollinger band



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Cyclical Options - Continued

Chart Legend:

	20 day moving average	(signifies the short-term direction of the security. prices tend to gyrate around their 20 day m/a)
	50 day moving average	(signifies the medium-term direction of the security)
	200 day moving average	(signifies the long-term direction of the security - whether it is in a bull or bear market)
	bollinger bands	(an indicator that measures 2 standard deviations away from the 20 day m/a)

Technical Analysis Guide:

RSI (relative strength index) - indicates whether a security is overbought (above 70) or oversold (below 30). Also when the RSI moves above 50 that is considered bullish (or vice versa).

ADX (average directional index) - indicates whether a security is in a trend (above 20) or not in a trend (below 20). For trending markets moving averages work best when considering lines of support/resistance. For non-trending markets bollinger bands work best (sell at upper band, buy at lower band).

Research Disclaimer

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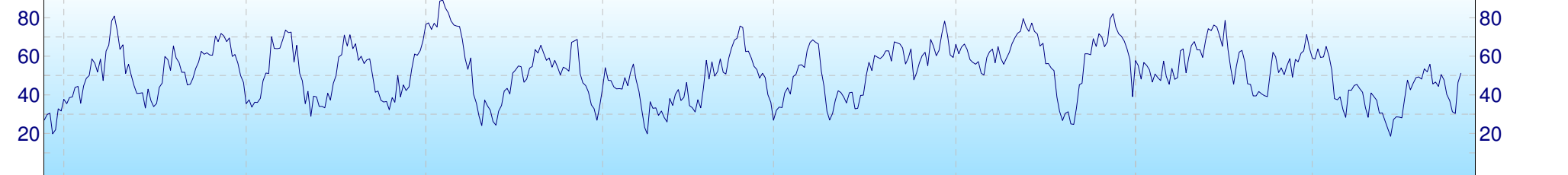
Pounds

BG Group PLC N

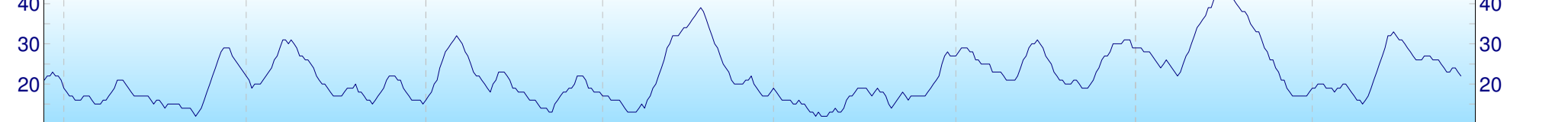
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14 RSI (simple - Daily)



14 ADX (Daily)

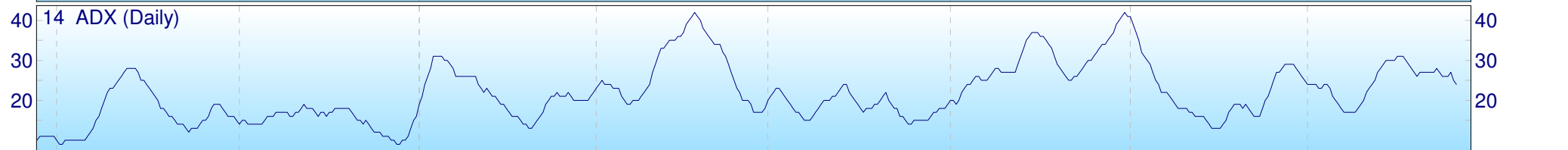
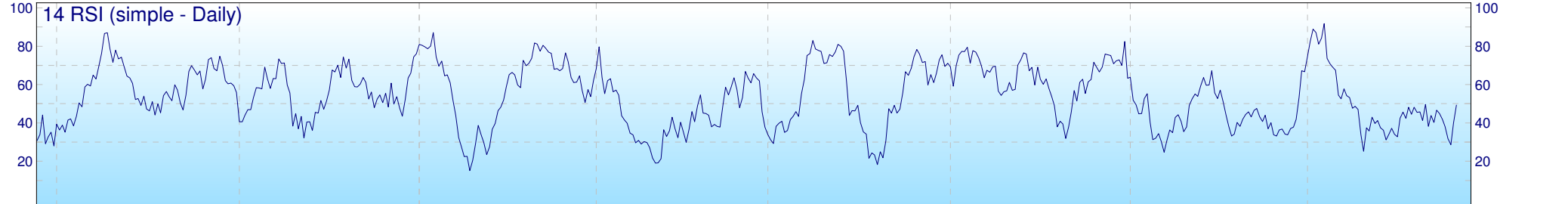


Pounds

BHP Billiton PLC

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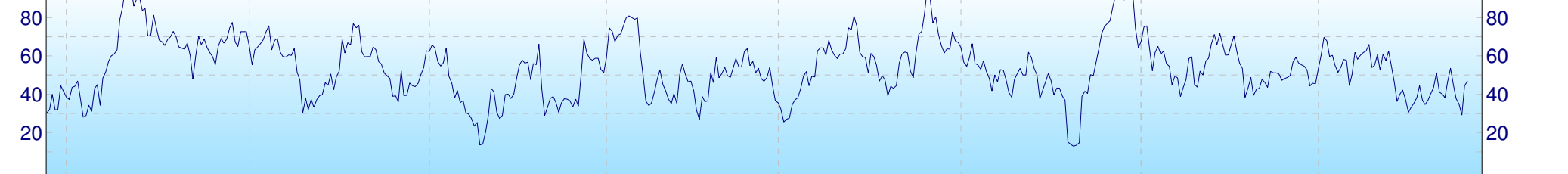
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Prudential PLC N

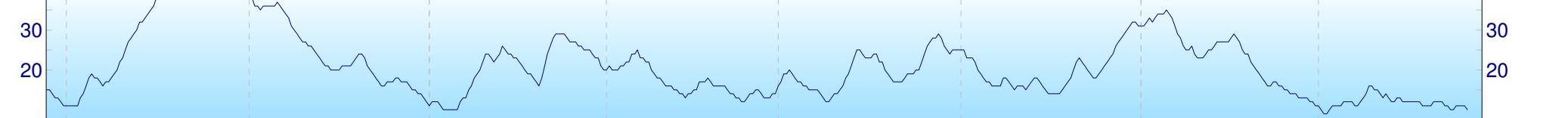
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14 RSI (simple - Daily)



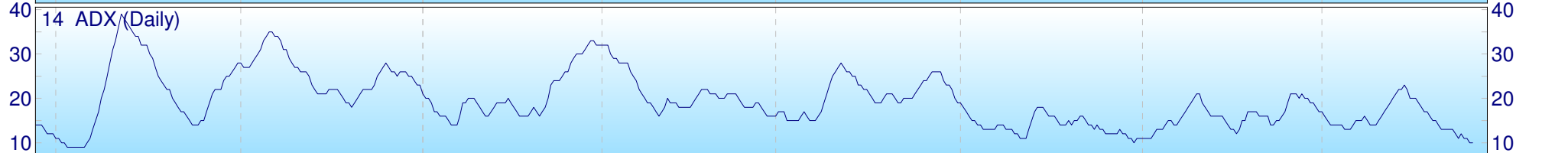
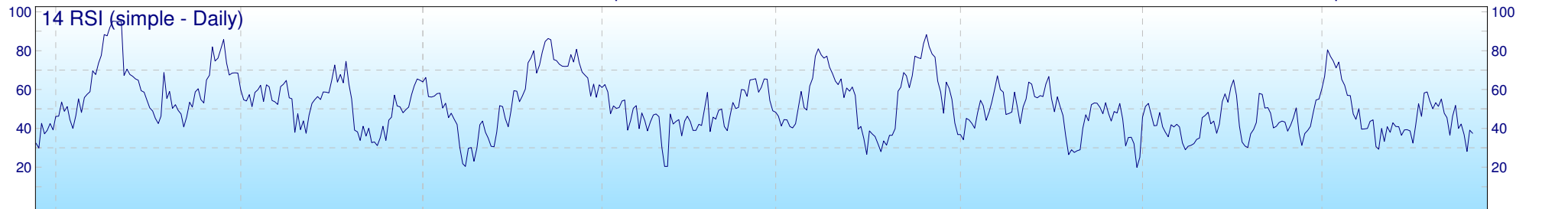
14 ADX (Daily)



Pounds

Standard Chartered PLC N

Ord



Pounds

Xstrata PLC

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22/6/09 Oct '10 Apr Jul Oct '11 Apr 29/6/11

