



SPECIAL REPORT

Bargain Bluechips 2022 - H2

FREDERICK
— & —
OLIVER



WELCOME TO FREDERICK & OLIVER’S BARGAIN BLUECHIPS FOR THE SECOND HALF OF 2022

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WELCOME

What a miserable first half to 2022!

US equity markets suffered terribly, the Dow Jones had its worst first half to a year since the Great Depression, whilst the tech-heavy Nasdaq index endured its worst opening six months ever.

Rampant inflation is almost entirely to blame.

The cost-of-living crisis is being felt by many. Petrol, gas, electric and food - prices have gone through the roof.

In fact, recent data from the UK and US confirmed inflation has hit a 40-year high, which will inevitably lead to further interest rate hikes by central banks.

The Federal Reserve has been raising rates throughout 2022 in a bid to combat soaring prices, with the current rate at 1.75%. It doesn’t sound like much but its 600% higher than the 0.25% borrowing rate American individuals and businesses were enjoying just a few months back.

Furthermore, the Federal Reserve is expected to raise the rate by a further 0.75% to 1% at the next meeting, this month.

The Bank of England also started raising interest rates this year, whilst the European Central Bank is expected to raise rates at the next meeting, the first rate increase in 11 years.

The burden of higher borrowing costs, coupled with the multi-decade-high cost of living, has led to **concerns of an incoming global recession**.

Having diagnosed how we arrived at the mid-point of 2022, what is the prognosis for the second half of the year?

With the evening news full of Russia-Ukraine, rampant inflation and interest rate hikes, you’d be forgiven for turning your back on the market. That said, some finance commentators would argue **‘if it’s in the news, it’s in the price’** and this is exactly why such a torrid first half was endured.

With the market, at the very, least partially adjusted to accommodate these negative themes, the question begs **“is now the time to buy?”**.

The stocks featured in this report need no introduction, nor has the research team deep-dived into the nitty-gritty of the companies’ closets. Quite simply, as the name of this report would suggest, the aim has been to identify **stocks which have been aggressively sold**, with a view to them recovering in the second half of 2022 - **Bargain Bluechips!**

The dummy’s guide to investing suggests one should **‘buy low and sell high’**. Buying low (or at least attempting to!) was certainly a consideration when selecting stocks for this report.

Across the 10 stocks featured, the average **distance to the 52-week low is less than 13%** whilst **the 52-week high is 82% higher**.

Please pay attention to the ‘reassess level’ associated with each stock, should share prices fall to these levels, one must consider whether to continue holding the position. Often, investors place **stop losses** at these levels in order to cap their risk.

Good luck with your investments.

Frederick & Oliver



Amazon.com Inc

SHARES ALMOST HALVED BETWEEN NOVEMBER AND JUNE, RECOVERY UNDERWAY?

The 5th largest company in the world with earnings of over \$2bn a month - who doesn't shop on Amazon.com?

Whilst interest rate hikes can be problematic for tech firms, the 46% decline in share price between November 2021 and June 2022 seems harsh. [Reassess at \\$99.](#)

WHAT DO THE ANALYSTS SAY? See the following ratings and target prices:			
Buys		Holds	Sells
56		1	2
Most Bullish Analyst		Most Bearish Analyst	
Cowen & Co		BNP Paribas	
\$210		\$104	
Average 12-month target		Potential upside %	
\$170		+39%	

CHART OBSERVATIONS



Barclays Plc

FINANCIAL STOCKS TYPICALLY APPRECIATE A HIGHER INTEREST RATE ENVIRONMENT

The scope for banks to profit from lending is usually greater when interest rates are higher.

Like most stocks, shares in Barclays nosedived when Russia invaded Ukraine. Since then central banks have started raising rates. Time to 'buy the dip'? [Reassess at 139p.](#)

WHAT DO THE ANALYSTS SAY? See the following ratings and target prices:			
Buys		Holds	Sells
16		9	0
Most Bullish Analyst		Most Bearish Analyst	
Jefferies		RBC Capital	
369p		165p	
Average 12-month target		Potential upside %	
231p		+47%	

CHART OBSERVATIONS





IAG Plc

**AVERAGE ANALYST PRICE
TARGET IS 76% HIGHER - WHAT
ARE THE CHANCES?**

Travel stocks have been crushed since the onset of the global health pandemic.

High fuel prices and staff shortages continue to hamper the sector rendering travel stocks amongst the most speculative plays. **Reassess at 85p.**

WHAT DO THE ANALYSTS SAY? See the following ratings and target prices:			
Buys		Holds	Sells
14		13	2
Most Bullish Analyst		Most Bearish Analyst	
GVC Gaesco		BNP Paribas	
228p		100p	
Average 12-month target		Potential upside %	
171p		+50%	

CHART OBSERVATIONS



Walt Disney Co

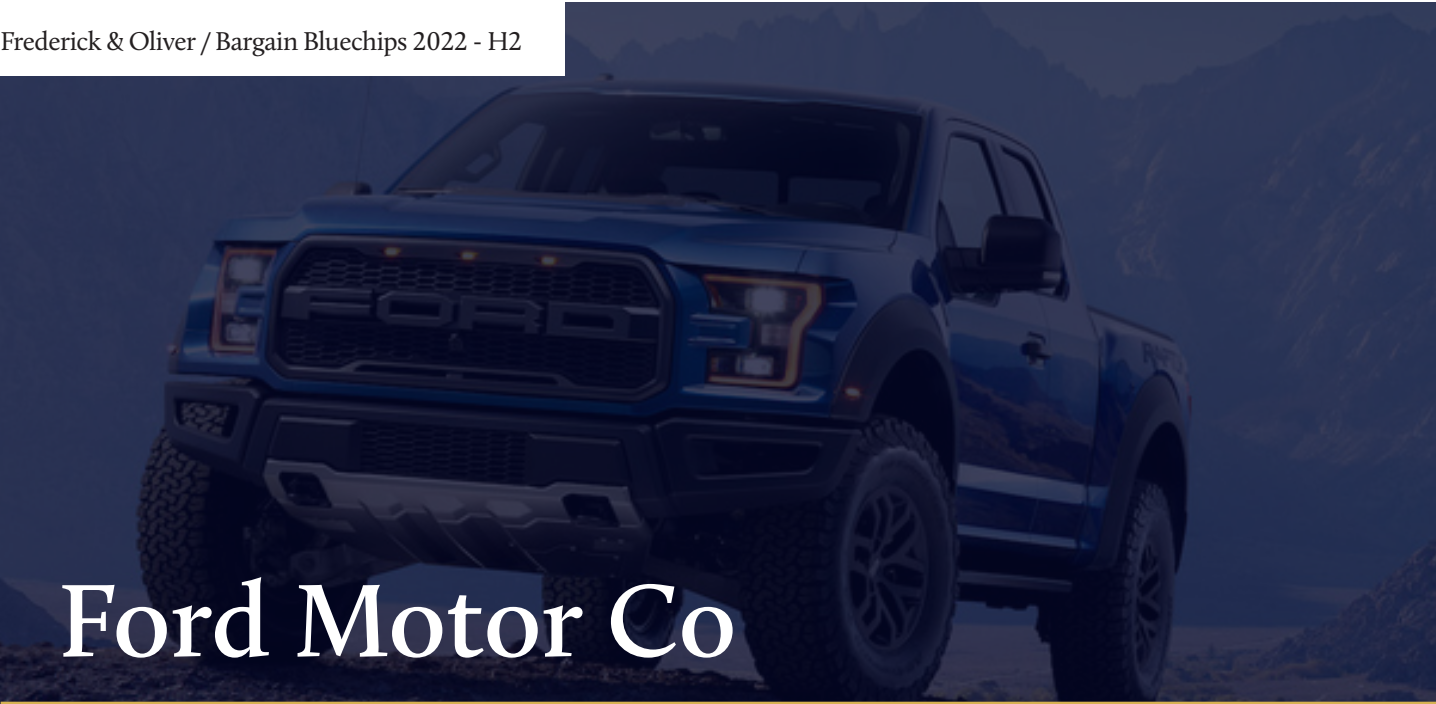
**SHARES HAVE MORE THAN
HALVED SINCE 2021-HIGH, IS
NOW THE TIME TO BUY?**

Shares in Disney halved at the height of Covid-19 disruption as theme parks closed and its streaming business in its infancy. 2 years on, and with the parks now being open and with Disney+ close to challenging Amazon Prime for 2nd place in the 'streaming wars' analyst support for the stock is overwhelming. **Reassess at \$78.**

WHAT DO THE ANALYSTS SAY? See the following ratings and target prices:			
Buys		Holds	Sells
29		7	0
Most Bullish Analyst		Most Bearish Analyst	
Credit Suisse		Wolfe Research	
\$170		\$114	
Average 12-month target		Potential up/downside %	
\$140		+36%	

CHART OBSERVATIONS





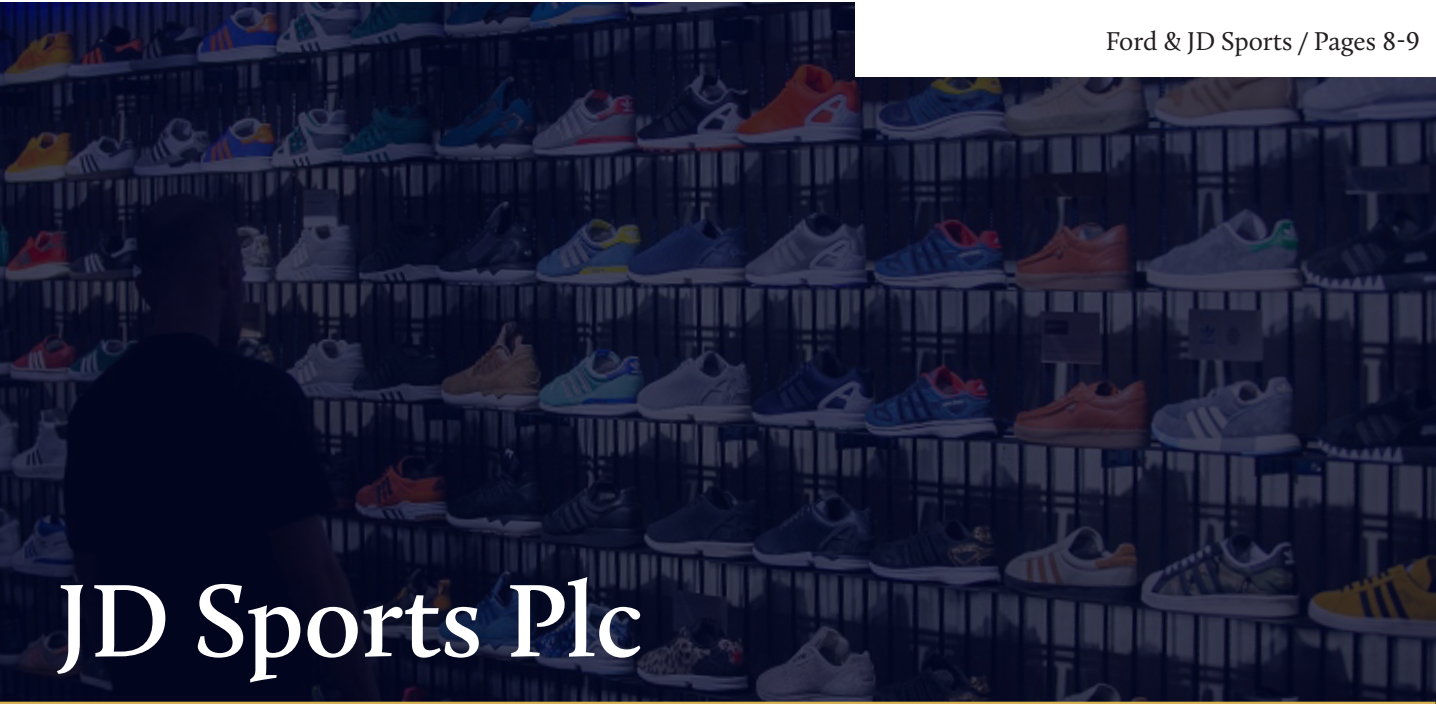
Ford Motor Co

THE SHARE PRICE HAS MORE THAN HALVED IN 2022 AMID SUPPLY CHAIN DISRUPTIONS

Whilst shares have endured a tough first six months of 2022, technical traders will note the recent bounce off of 18-month support at \$10.50. With potential upside of 29% to the average analyst price target, 103% to the 2022-high and only 3 analysts with 'sell' ratings. Is now the time to buy shares in Ford? **Reassess price \$9.50.**

WHAT DO THE ANALYSTS SAY? See the following ratings and target prices:			
	Buys	Holds	Sells
	10	12	3
Most Bullish Analyst	Most Bearish Analyst		
Benchmark Co	Wells Fargo		
\$25	\$10		
Average 12-month target	Potential up/downside %		
\$16.50	+29%		

CHART OBSERVATIONS



JD Sports Plc

SHARES PLUNGED 62% FROM NOVEMBER TO JUNE AMID RECESSION CONCERNS

Having found support at the psychological level of 100p, shares have rebounded some 40% already.

With overwhelming analyst support and plenty of potential upside to the average target price and 52-week high, is now the time to buy? **Reassess at 120p.**

WHAT DO THE ANALYSTS SAY? See the following ratings and target prices:			
	Buys	Holds	Sells
	12	1	0
Most Bullish Analyst	Most Bearish Analyst		
Investec	Morgan Stanley		
300p	131p		
Average 12-month target	Potential up/downside %		
205p	+43%		

CHART OBSERVATIONS





J Sainsbury Plc

SHARES HAVE FALLEN MORE THAN 40% TO BOUNCE OFF OF RISING SUPPORT

Shares is Sainsburys rallied throughout the health pandemic as lockdown restrictions led to consumers stockpiling staple goods. Over the last 12 months shares have fallen more than 40% as health concerns have eased. Technical traders will note the bounce off of rising support at 201p. **Reassess at 199p.**

WHAT DO THE ANALYSTS SAY? See the following ratings and target prices:			
Buys		Holds	Sells
6		6	4
Most Bullish Analyst		Most Bearish Analyst	
Citi		JP Morgan	
320p		190p	
Average 12-month target		Potential up/downside %	
247p		+14%	

CHART OBSERVATIONS



Netflix Inc

SHARES CAPITULATED 75% IN SIX MONTHS. TIME TO BUY THE WORLD'S NO.1 STREAMING CO?

In addition to the wider market issues, Netflix has been suffering from rising costs and dwindling subscriber numbers. That said, a 75% decline appears to be very harsh. Netflix shares performed well during periods of lockdown, could the cost-of-living crisis result in people staying home? **Reassess at \$160.**

WHAT DO THE ANALYSTS SAY? See the following ratings and target prices:			
Buys		Holds	Sells
17		28	7
Most Bullish Analyst		Most Bearish Analyst	
Phillip Securities		Macquarie	
\$399		\$170	
Average 12-month target		Potential up/downside %	
\$252		+16%	

CHART OBSERVATIONS





Anglo American Plc

SHARES DOWN 40% IN 6 WEEKS ON GLOBAL SLOWDOWN CONCERNS. TIME TO BUY?

Shares in commodity behemoth Anglo American have recently stalled amid China's on/off covid lockdowns and amid concerns of a global economic slowdown.

That said, a 40% discount feels too good to pass up. **Reassess price 2300p.**

WHAT DO THE ANALYSTS SAY?		
See the following ratings and target prices:		
Buys	Holds	Sells
12	10	3
Most Bullish Analyst	Most Bearish Analyst	
Citi	AlphaValue	
4500p	2849p	
Average 12-month target	Potential up/downside %	
3520p	+37%	

CHART OBSERVATIONS

Current Price	52-week Low	52-week High	Distance to Low	Distance to High
2550p	2350p	4293p	-8%	+68%



Taylor Wimpey Plc

95% OF ANALYSTS RATE THIS STOCK AS 'BUY' HAVING FALLEN 32% IN 2022

Pre-pandemic, shares in Taylor Wimpey were trading at twice the current price.

Whilst analysts are not tipping a return to former glory, they are almost unanimous in their outlook for the UK housebuilder, tipping the stock to return to 2022-high. **Reassess at 105p.**

WHAT DO THE ANALYSTS SAY?		
See the following ratings and target prices:		
Buys	Holds	Sells
18	0	1
Most Bullish Analyst	Most Bearish Analyst	
Citi	Morgan Stanley	
221p	104p	
Average 12-month target	Potential up/downside %	
193p	+57%	

CHART OBSERVATIONS

Current Price	52-week Low	52-week High	Distance to Low	Distance to High
122p	110p	185p	-10%	+52%





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Mr. H-S

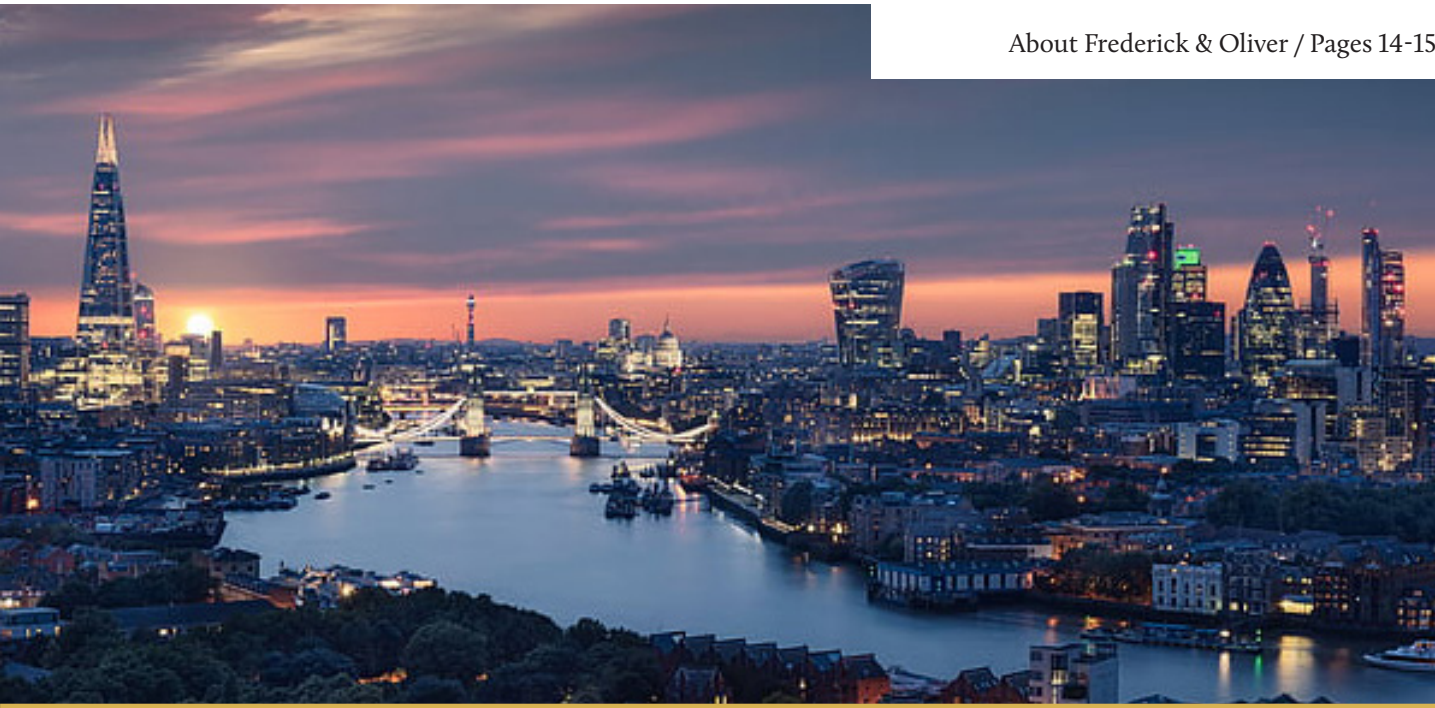
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Mr. C

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Mr. A

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Mr. B

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Mr. W

“Frederick & Oliver is the best CFD broker I have worked with. The team understands the markets, are responsive to market changes and quickly inform their investors. They understand me, my preferences and my weaknesses, tempering my natural gun-ho approach in periods of uncertainty”
Mr. F



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