

Figure 1: Stock graph shows the stock's trend

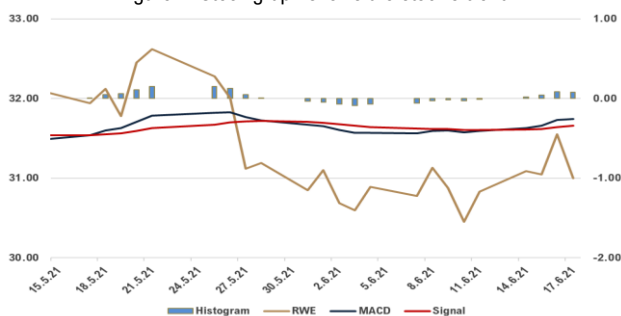


Figure 2: MACD shows a potential sell signal



Figure 3: Candle Bar Chart

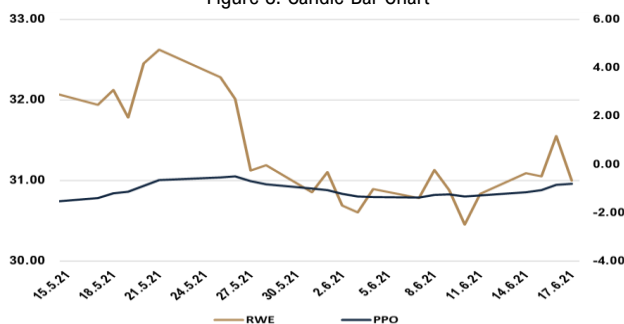


Figure 4: PPO moves below the zero line

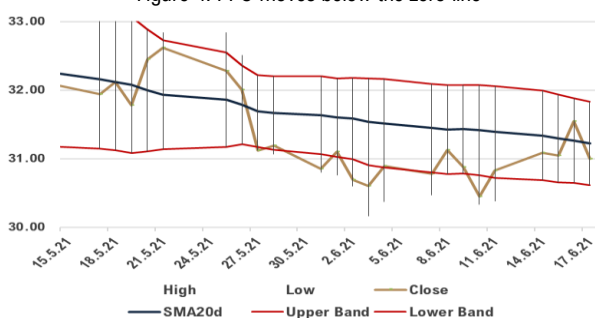


Figure 5: Bollinger Bands

Firm's Brief Description

RWE AG (RWE) is a Germany-based holding company. The Company is engaged in the generation, transmission, distribution, and trading of electricity and gas. Its activities are divided into three segments: Lignite & Nuclear, European Power and Supply & Trading. The Lignite & Nuclear segment focuses on electricity generation in Germany using lignite and nuclear power. The European Power segment includes the electricity generation business in Germany, the United Kingdom, the Netherlands, and Belgium using gas and hard coal power plants. The Supply & Trading segment comprises trading in electricity, natural gas, coal, oil, carbon dioxide certificates and biomass.

Fundamental Approach

- The adjusted earnings of RWE fell down 33% at 883 mln euros in the first quarter of 2021, blaming winter storms in Texas as well as weak wind volumes in Europe that burdened its renewable assets.
- The company's basic EPS fell from 13.89 in 2019 to 1.56 in 2020.

Technical Analysis

According to the examined period of the last month (15/05-17/06) there is a slight downtrend for the company's stock. In particular RWE crossed below MA10 and MA20, while the short term MA10 also appears to have crossed below the long term MA20 as well, indicating a bearish trend for the stock, as it can be depicted in Figure 1. Furthermore, the MACD graph in Figure 2 indicates a potential sell signal with the MACD not managing to cross over either the signal or the Histogram line. The Candle Bar Chart in Figure 3 comes to prove the negative movement of the stock which was cited in figure 1, presenting the exceeding negative closing prices of the last month. Lastly the PPO chart indicates a sell signal as well with the PPO price fluctuating mainly below the zero line, while the same happens with the Bollinger Bands in Figure 5 which cite the RWE price moving closer to the lower band.

Prediction

Taking into consideration the recent negative news concerning RWE's renewable assets as well the above technical analysis combined with the figures cited in this report, a short position for the stock is strongly recommended.

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