ETORO'S TOP 5 STOCK PICKS FOR 2020

03.JAN.2020

Following the Conservative landslide in the Christmas election, Boris Johnson and his commanding majority of 80 MPs have finally set the course to end the stalemate over Brexit and leave the EU on 31 January 2020 – some three and a half years on from the original Brexit referendum on 23 June 2016.

On the 20 December 2019, the Prime Minister's Withdrawal Agreement Bill (WAB) was approved by a majority of 124 votes. The WAB requires ratification by the European Parliament later this month. The UK government will then seek to secure a trade agreement and new partnership by the end of the 'transition period' until December 2020. The focus will be to secure a quota-free, tariff-free trade for goods.

Boris Johnson has ruled out any form of extension to the transition period, meaning the Brexit clock is ticking.

In the wake of the general election, shares in major UK companies rallied strongly, especially those that faced nationalisation under Corbyn, including banks, house builders and utility firms. The pound rose more than two cents against both the dollar and euro as soon as exit polls indicated a Tory majority. Since the election, the pound has managed to peak at $1.35, the highest we have seen this year, although still some way off the $1.48 we saw the day before the referendum result.

On a positive note for world stocks and the global economy, US President Trump and China's Vice President Jinping are set to sign a phase one trade deal agreement in the first week of January. As trade tensions ease, the US indices have hit yet another record high. The S&P 500 gained 2.6% in December 2019 and 8.2% in Q4, propelling year-to-date gains to 28.6%. The index was 1% off its best annual performance since 1997.

Back home, the FTSE 100 didn't miss out either and rose by more than 300 points in December to its peak closing price, comfortably above 7600, just after Christmas.

2020 promises to be a game-changer. To take advantage of a year full of opportunity, eToro's first report of 2020 identifies which stocks could provide value for investors in the UK.

To potentially maximize your investments, eToro offers 0% commission on stocks. This means no charges will be added to the raw market spread when buying stocks – a saving of up to 50% on fees compared with other UK platforms.

eToro also absorbs the cost of stamp duty on UK stocks (0.5%), whereas with other investment platforms a £10,000 trade in a UK listed company usually incurs a £50 stamp duty charge.

Furthermore, eToro does not charge any administration or quarterly management fees, and settles dividend payment on the ex-dividend date.

1. ARAMCO | SAOC

CHART: SAOC PRICE, IPO LAUNCH TO DATE

The Gulf oil giant recently floated on the Saudi Stock Exchange - can shares climb back to $38 SAR or is it heading towards a spill?

- One of the longest-awaited listings in recent years, Saudi Arabian oil giant Aramco finally went public on its own local stock market at the start of December.
- The company saw its share price hit a 10% gain limit in its first day of trading, this was put in place by the Saudi exchange as a pre-empt to control volatility.
- Despite being the world's most profitable company, there may be some concerns for some investors due to potential lack of transparency in financials and also ethically due to Saudi Arabia's human rights record.
- The local listing has also caused availability problems for some. Listings on mainstream exchanges such as NYSE or LSE will be eagerly anticipated and may be the catalyst the price needs to go further.

Buy ARAMCO Now

Your capital is at risk

***ANALYST CONSENSUS:**	25% BUY	0% HOLD	75% SELL
AVERAGE TARGET: 30.18 SAR (-14.4%)	MOST BULLISH TARGET: **ARQAAM CAPITAL**	39.2 (+11.2%)
	MOST BEARISH TARGET: **BERNSTEIN**	25.5% (-27.7%)

*Based on 4 Analyst Predictions

2. CENTRICA | CNA.L

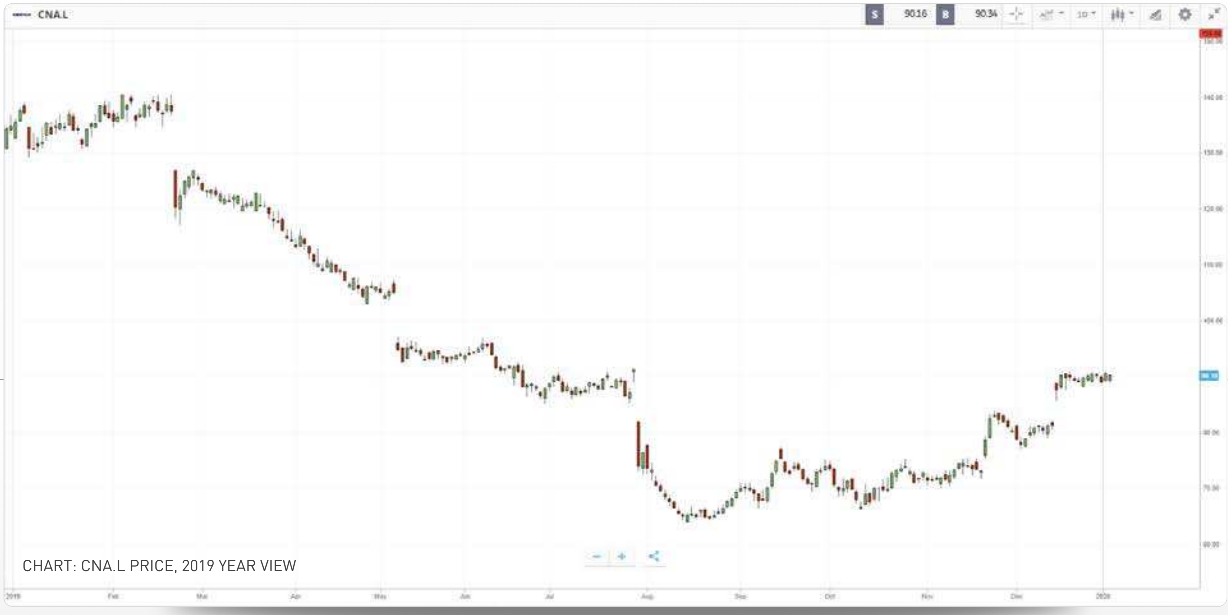

CHART: CNA.L PRICE, 2019 YEAR VIEW

Can British Gas owner Centrica muster enough energy to revisit 2019 highs around 140p or will there we a power cut back to 64p?

- UK energy supplier Centrica had a torrid time last year, at one point losing 55% of its value. That said, it has bounced back over 40% from lows in the second half of 2019.
- It may raise eyebrows including such a poorly performing stock in our watchlist, however, under-fire CEO Iain Conn is due to step down and with the past few years plagued by Brexit uncertainty, will some clarity finally allow Centrica a platform to bounce back?
- The company had also faced potential headwinds of the nationalisation a Labour victory in the recent election could have brought.
- Despite all its troubles, you would still receive a dividend yield north of 5.5% based on the current price.
- The company has also taken the initiative to diversify and adapt for example through their Hive home heating system and an electronic vehicle technology partnership with Volkswagen dealer group Citygate.

Buy CENTRICA Now

Your capital is at risk

***ANALYST CONSENSUS:**	11% BUY	68% HOLD	21% SELL
AVERAGE TARGET: 81.31p (-8.8%)	MOST BULLISH TARGET: **JEFFERIES**	100p (+12.2%)
	MOST BEARISH TARGET: **BARCLAYS**	70p (-21.5%)

*Based on 16 Analyst Predictions

3. NIKE | NKE

CHART: NKE.L PRICE, 2019 YEAR VIEW

Nike really has just done it this year, finishing on a record high above $100, can this run continue into 2020?

- The world's most recognisable sports brand has had a fantastic 2019 with a near 28% gain in just 12 months.
- Even more to its credit, Nike's year has come with plenty of challenges, none more so than the US-China trade war saga. Tariffs on Nike goods being exported from or imported to China becoming a real threat to the business.
- Nike has been seeing strong growth in Asia, and in China particularly with revenues rising 20%.
- That said, the numbers aren't quite so rosy for the North American region with revenues coming in below estimates in their December market update.
- Looking forward, Nike will really want to see a trade deal over the line. If it does, it's hard to argue why they couldn't build on their success of last year.

Buy NIKE Now

Your capital is at risk

***ANALYST CONSENSUS:**	72% BUY	22% HOLD	6% SELL
AVERAGE TARGET: $109.37 (+8.5%)	MOST BULLISH TARGET: **EVERCORE**		$150 (+48.8%)
	MOST BEARISH TARGET: **DZ BANK AG**		$78 (-22.6%)

*Based on 36 Analyst Predictions

4. RBS | RBS.L

CHART: RBS.L PRICE, 2019 YEAR VIEW

It's been a bit of a rollercoaster ride for RBS this year. Will we see shares climb back towards 2019 highs of 271p, or head back south towards 177p?

- Like many other domestically focused stocks, the RBS share price received a welcome boost from the Conservative majority in the December general election.
- The PPI deadline has finally passed back in August and RBS, along with other UK banks no longer have to provision vast sums for payouts every time they report their results.
- In November 2019, RBS launched digital bank Bo in an attempt to muscle in on the fast-growing digital banking sector competing with the likes of Monzo, Starling and Revolut.
- With Boris having said before he 'backs the banks' can we now see RBS make some headway back to its former glory? The last time we saw a price above 400p, which is not far off the current most bullish analyst estimate, was back in 2015.

Buy RBS Now

Your capital is at risk

***ANALYST CONSENSUS:**	29% BUY	58% HOLD	13% SELL
AVERAGE TARGET: 254.6p (+6.8%)	MOST BULLISH TARGET: **JEFFERIES**		408p (+68.9%)
	MOST BEARISH TARGET: **INVESTEC**		210p (-13.1%)

*Based on 24 Analyst Predictions

5. TAYLOR WIMPEY | TW.L

Shares in housebuilders soared in the aftermath of the December general election, will this pattern continue?

- As with most housebuilders, the Conservative majority sent Taylor Wimpey's share price up around 14% at one point.
- Ironically, certainty on Brexit happening has been good for housebuilders, which were originally seen to be one of the most 'Brexit-sensitive' sectors. However it is worth bearing in mind that despite the clarity, the same challenges have not disappeared.
- Investors will like the fact the Conservatives have pledged to build one million new homes over the next five years – starting in 2020.
- Taylor Wimpey confirmed in a trading update on 13 November that its full-year 2019 results are in line with expectations. They also stated they are confident their strong order book will help in managing any short-term market uncertainty
- Housebuilders in recent years have paid very respectable dividends and Taylor Wimpey is no exception. Chief Executive Pete Redfern recently reiterated the company's commitment to returning approximately £610m of dividends to shareholders in 2020.

***ANALYST CONSENSUS:**	65% BUY	35% HOLD	0% SELL
AVERAGE TARGET: 182.15p (-6.2%)	MOST BULLISH TARGET: **GOODBODY**		230 (+18.6%)
	MOST BEARISH TARGET: **LIBERUM**		160 (-17.5%)

*Based on 24 Analyst Predictions

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Prices and rates accurate as of 03.01.20
Data sourced from Bloomberg

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