

Investment Ideas:

Australia's Big 4 Banks: looking fully valued

25 January 2017

Australia's banking sector has long been seen as the benchmark for the ASX comprising the largest 4 companies on the ASX200, and accounting for 26% of the total index. Whilst the Big 4 Banks have been in an uptrend since September 2016, the recent trend looks to have been exhausted in early January. Technical indicators, using momentum measured by RSI, suggests the stocks have moved into overbought territory.

At current share price levels, we believe that that upside potential for all the Big 4 Banks is limited (relative to their IRESS consensus target prices). **We see WBC as the pick of the four, with total potential upside of ~10% including dividends.**

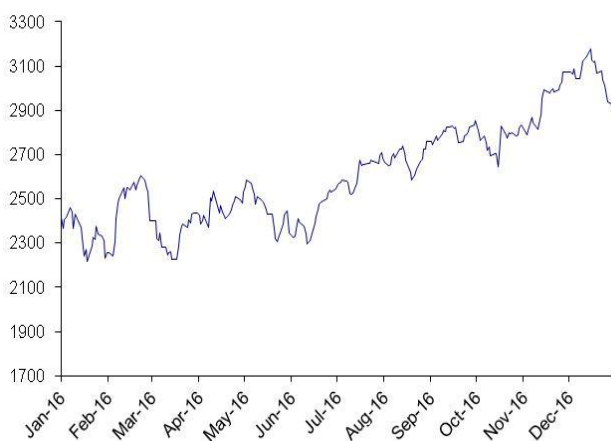
Big 4 Investment Data

	Share Price (\$)	Target Price (\$)	Upside/ (Downside) (%)	Dividend Yield (%)	Market Cap. (m)
ANZ	29.15	30.06	3.12	5.52	85,658
CBA	81.77	79.37	(2.94)	5.15	140,973
NAB	30.04	30.34	1.00	6.20	80,374
WBC	31.65	32.99	4.23	5.78	106,404

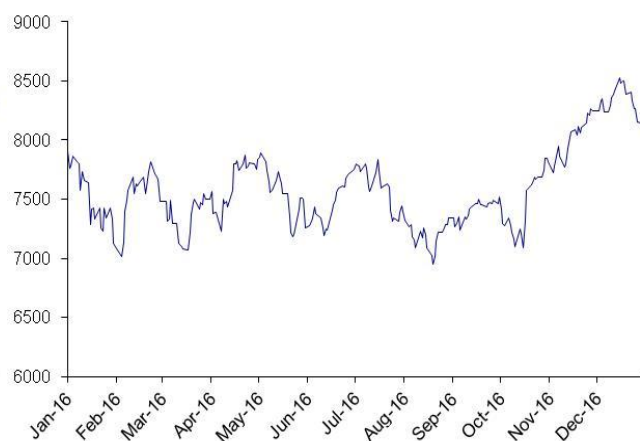
Source: IRESS, State One Stockbroking

Share Price History (25 January 2016 - Present) (A\$cps)

ANZ Banking Corporation (ANZ)

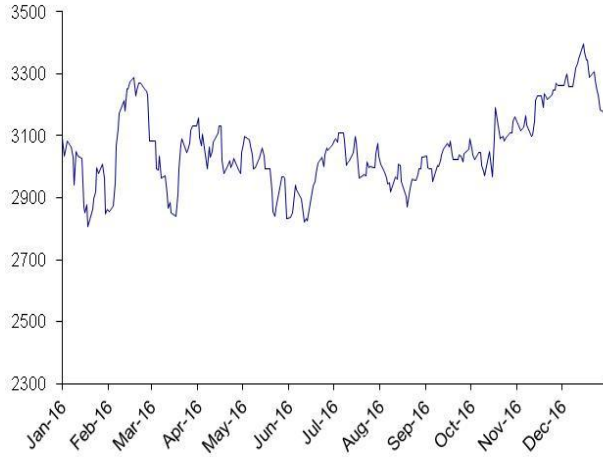


Commonwealth Bank of Australia (CBA)

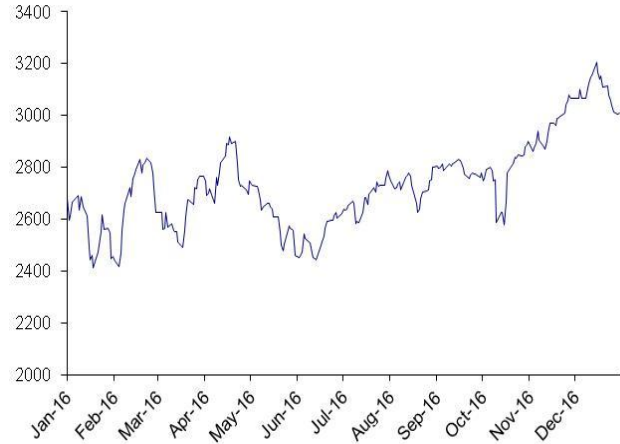




Westpac Banking Corporation (WBC)



National Australia Bank (NAB)



Source: IRESS, State One Stockbroking

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