

# FTSE 100 Market Report

17:41 15 May 2019

## FTSE 100 closes higher as Trump trade fears ease

- FTSE 100 closes higher Wednesday
- TUI and Kingfisher weak after disappointing results
- Compass Group on the front foot after well-received interims
- US and European indices up

FTSE 100 joined other European benchmarks to close up mid-week as trade war fears ease.

The index of premier UK shares closed up on the day over 55 points at 7,296.

The mid-cap FTSE 250 was also a shade higher - adding around two points at 19,369.

Meanwhile, on Wall Street, the Dow Jones Industrial Average is up around 123 points at the time of writing, while the broader based S&P 500 is up around 16 points.

Connor Campbell, financial analyst at Spreadex, noted that investors were "feeling far more positive, relieved that Donald Trump isn't too keen to fight a trade war on multiple fronts".

4.00pm: US close to resolving steel and aluminum tariffs with Mexico and Canada

US Treasury Secretary Steve Mnuchin has said the US is close to a deal with Mexico and Canada on resolving steel and aluminum tariffs.

In a prepared Senate testimony, he also said US negotiators were likely to go to Beijing in the near future.

Mnuchin says, "I think we are close to an understanding with Mexico and Canada" on removing steel and aluminum tariffs.

— Alan Rappeport (@arappeport) 15 May 2019 3.50pm: Trump to delay auto import tariffs - report

US stocks have clawed back gains following a report that President Donald Trump is planning to delay imposing steep tariffs on auto imports.

According to Bloomberg, US officials said White House aides have discussed postponing tariffs for up to six months.

This #Trump #Tariff delay on Auto imports has helped the Automakers surge in the last half hour-My Weekly report from Sunday night- 10 Charts of Winners, Losers on Tariff Escalation, discussed why the Autos were looking far better than a Tariff escalation would imply- \$F, \$GM pic.twitter.com/OR3EQWVlike

— Mark Newton (@MarkNewtonCMT) 15 May 2019

The Dow Jones Industrial Average is now up 50 points to 25,582, the S&P 500 has risen 10 points to 2,845 and the Nasdaq has added 61 points to 7,795.

3.20pm: FTSE jumps as sterling slides

The FTSE 100 has just jumped 39 points to 7,280 as sterling came close to its lower level since mid-February after Brexit talks hit another snag.

The pound is down 0.5% against the dollar at US\$1.2828, near its lowest level since February 15.

### Share Information

#### MarketTopic Synopsis:

*A report on the major benchmarks and notable risers and fallers in London. &nbsp;*

#### Author:

**Renae Dyer**

**+44(0)1202770386**

**action@proactiveinvestors.com**

The government has confirmed a key vote on Theresa May's Brexit deal would take place in the first week of June even after though talks with the opposition Labour Party haven't led to an agreement.

Brexit supporters in May's Conservative party said her deal was as dead and would likely be voted down for a fourth time.

2.45pm: US stocks open lower

US stocks opened in the red as investors waded through disappointing economic data, including an unexpected drop in April retail sales.

The Dow Jones Industrial Average fell 144 points to 25,385, the S&P 500 dropped 12 points to 2,822 and the Nasdaq shed 27 points to 7,706.

Retail sales fell 0.2% in April, compared to a forecast for a rise of 0.2%.

Separately, data from the Federal Reserve showed industrial production fell 0.5% in April, versus expectations for flat output. Manufacturing output was also down 0.5% in April compared to estimates for an unchanged amount.

More positively, the New York Fed's Empire State manufacturing index rose to a six-month high in May.

2.15pm: Lawmakers criticise Lloyds' pension policy

Lloyds Banking Group PLC (LON:LLOY) executives have been accused of "boundless greed" by senior lawmakers for refusing to give up excessive pension benefits that exceed those given to employees.

The heads of parliament's work and pensions and business committees urged Lloyds shareholders to vote against the policy at the bank's annual general meeting on Thursday.

They said Lloyds' attempts to secure backing for the policy from employees who also hold the bank's shares "smacks of feverish desperation".

"Senior executives at Lloyds could bring this sorry episode to an end, today: just give it up," lawmaker Frank Field said in a statement on Wednesday.

Lloyds chief executive Antonio Horta-Osorio had a pay package of £6.2m in 2018.

In February, the lender said Horta-Osorio had voluntarily given up a portion of his pension contributions, bringing it down to 33% of base salary from 46% previously.

However, the contribution is still higher than other Lloyds employees' maximum contribution of 13%.

1.30pm: US retail sales fall in April

US retail sales fell 0.2% month-on-month in April, missing analysts' expectations for a 0.2% rise.

Compared to a year ago, sales were up 3.1% in April.

US Retail Sales April - Full Report <https://t.co/1Ui4Pv2lwW> [pic.twitter.com/YAhVLxg7Sr](https://pic.twitter.com/YAhVLxg7Sr)

— LiveSquawk (@LiveSquawk) 15 May 2019

Retail sales figures for March were revised up to month-on-month growth of 1.7% from 1.6% previously.

Separately, the New York Fed said the Empire State manufacturing survey in May rose to a six-month high of 17.8 from a reading of 10.1 in April. A reading above zero indicates improving conditions.

12.40pm: US stock futures fall

US stock futures are pointing to a decline at the opening bell on Wall Street amid concerns about a trade dispute between the US and China.

Futures on the Dow Jones Industrial Average dropped 78 points to 25,491, S&P 500 futures fell 7 points to 2,832 and Nasdaq futures shed 13 points to 7,408.

China president Xi Jinping on Wednesday urged countries not to "close their doors and hide behind them" in his first major speech since the US raised tariffs on US\$200bn of Chinese goods.

In response to fresh tariffs from the US, China has raised tariffs on about US\$60 billion of US exports.

Meanwhile, traders were digesting worse-than-expected Chinese data on retail sales and industrial production.

They are now looking ahead to US retail sales data later. Economists expect sales growth to slow to 0.2% month-on-month in April from a 1.6% rise a month ago.

12.00pm: ITV shares drop as it cancels Jeremy Kyle Show

ITV plc (LON:ITV) shares are down 1% following news that it will permanently cancel the Jeremy Kyle Show after a guest reportedly committed suicide.

Jeremy Kyle Show guest Steven Dymond, 63, was found dead a week after appearing on the programme.

The news has sparked a debate on Twitter with some users saying ITV's reality show, Love Island, should also be axed following the suicides of former contestants Mike Thalassitis and Sophie Gradon.

So true, Love island has had 2 suicides in 5 years, Jeremy Kyle has had 1 in 15 years. And which show is getting cancelled?

— Abigail (@chicachula5000) 15 May 2019

Why's it different for Love Island? <https://t.co/OTRsSY5M0N>

— George (@\_GeorgeRFC) 15 May 2019

Others were fighting in Love Island's corner:

People love to speak without thinking, Jeremy Kyle show had a direct link on the mental well-being of people that come on it; which was the cause of his suicide, whereas the deaths of the love island contestants had external factors not linked to the show.

— ☐☐☐☐ (@Fly\_Away\_Sensei) 15 May 2019

Totally understand the points being made about Jeremy Kyle & Love Island but slight difference in the intent of the shows, no? One is essentially 'haha let's laugh and sneer at this vulnerable person at their lowest', the other is watching gorgeous people on one long holiday

— Meg (@mollyfynn\_x) 15 May 2019 11.30am: China president slams trade protectionism

China president Xi Jinping has urged countries not to "close their doors and hide behind them" in his first major speech since the US raised tariffs on US\$200bn of Chinese goods.

At the Conference on Asian Civilizations Dialogue in Beijing today, Xi said no civilization is superior over others and there was no need for them to clash with each other.

"The thought that one's own race and civilization are superior and the inclination to remould or replace other civilizations are just stupid," he said, adding to do so would invite "catastrophic consequences."

In response to fresh tariffs from the US, China has raised tariffs on about US\$60 billion of US exports.

11.00am: Walmart considers IPO of Asda

Walmart Inc (NYSE:WMT) has revealed that it is considering a stock market flotation for its Asda supermarket chain following the collapse of a deal to merge the UK business with J Sainsbury PLC (LON:SBRY).

The Competition and Markets Authority blocked the proposed £13bn tie-up of Asda and Sainsbury's last month, citing competition concerns.

Walmart International chief executive Judith McKenna said in a meeting of 1,200 managers on Tuesday that the group was now "seriously considering" an IPO of Asda but that it could "take years.

"While we are not rushing into anything, I want you to know that we are seriously considering a path to an IPO - a public listing - to strengthen your long term success," she said.

10.20am: Eurozone GDP as expected

The Eurozone economy grew by 0.4% in the first quarter, in line with the initial estimate two weeks ago, Eurostat has confirmed.

Compared to a year ago, gross domestic product increased 1.2% in the quarter.

Euro area #GDP +0.4% in Q1 2019, +1.2% compared with Q1 2018: flash estimate from #Eurostat  
<https://t.co/dyguU4HN6Y> [pic.twitter.com/7UB6dgTAmO](https://pic.twitter.com/7UB6dgTAmO)

— EU\_Eurostat (@EU\_Eurostat) 15 May 2019

"Growth in the EU continues to beat expectations, proving the disastrous beginning of the year to be an anomaly," said Nancy Curtin, chief investment officer at Close Brothers Asset Management.

"While the region has a long way to go, things are looking up; the services and housebuilding sectors are doing better than expected, eurozone unemployment is at a ten year low, and wage growth is beginning to improve. This should help consumer confidence and, in turn, consumption."

However, Curtin added that European Central Bank president Mario Draghi must not get complacent as the eurozone is an export-led economy and global trade is at its weakest in a decade.

"Trade tensions continue to take centre stage for the world economy, looming as a circuit breaker to global recovery," she said.

"Unless we reach resolution, the EU must be open to fiscal intervention to avoid a downturn."

Separately, Eurostat revealed employment growth across the eurozone was 1.4% year-on-year and 0.3% quarter-on-quarter in the first quarter.

9.45am: TUI shares drop after initial rise

After an initial gain, TUI AG (LON:TUI) shares are down 1.3% on the back of a wider first-half loss.

TUI said the knock-on effect of last year's summer heatwave, the grounding of Boeing 737 MAX aircraft, Brexit, a later Easter and tough competition in Spain dented its results.

It made an underlying loss (EBITDA) of €300.6m in the six months to March 31, compared to an underlying loss of €169.7m a year ago.

Barclays said the results were "soft" but better than its expectations for a loss of €329m thanks to strong trading in the hotels division.

"The outlook for FY19 is unchanged so our estimates are unchanged," Barclays said.

It added: "We remain cautious given the operating leverage and lack of clarity on short-term earnings but think today's statement could be taken well."

Barclays maintained an 'unchanged' rating and target price of 900p.

8.45am: Predictions defied

The FTSE 100 defied early predictions suggesting it would start in positive territory to open flat at 7,241.12 as traders resisted the urge to follow Wall Street and Asia's main markets higher.

China's weak economic showing - retail sales hit a 16-year low - appeared to pop the bubble despite talk of further economic stimulus measures from Beijing.

However, economists at Dutch bank ING said: "Investment, manufacturing and retail sales slowed in April. This could reflect that trade negotiations appeared to be progressing well in April, meaning the government could afford to slow down its stimulus measures. But this will change, as China needs faster domestic growth to compensate for slower exports."

For some inexplicable reason investors appeared to draw comfort from the latest update from travel firm TUI (LON:TUI), which spelled out just how much the grounding of its 737 Max fleet could cost if it continues. TUI rose 3.2% early on, suggesting all the bad news (and more) had been priced in.

Interim results from contract caterer Compass Group (LON:CPG) also seemed to hit the spot with the stock up 2%.

But B&Q owner Kingfisher's (LON:KGF) update provided the cue for further selling pressure as the shares slid 2%.

Proactive news headlines:

Peace has broken out between Argo Blockchain PLC (LON:ARB) and activist investor First Investments just days before a crunch meeting, helping its shares soar higher. The two now plan to work together, though Jonathan Bixby will step down as chairman to be replaced by fellow founder Mike Edwards.

Tavistock Investments PLC (LON:TAVI) shares jumped on Wednesday as it unveiled plans to pay out a maiden interim dividend after earnings surged just over 100% in its latest full year.

Be Heard Group PLC (LON:BHRD) is expecting its full year performance to be "comfortably in line with expectations" after good growth in the first quarter.

Savannah Resources PLC (LON:SAV) expects to be able to "significantly" increase the existing resource and potential life of mine at its Mina do Barroso lithium project in Portugal as the ongoing drill programme continues to yield high grade intersects.

Oncimmune Holdings PLC (LON:ONC) has received regulatory approval to sell its early stage lung cancer detector, EarlyCDT-Lung, in Israel. Lung cancer kills more people in Israel than any other form of the disease, said the company.

Specialty pharma Clinigen Group PLC (LON:CLIN) has taken back direct control of its Ethyol and Totect oncology drugs from Cumberland Pharmaceuticals.

Stobart Group Ltd (LON:STOB) performed a mini boardroom shake-up as it named a new chairman and announced the departure of a senior independent director. Turnaround specialist David Shearer, who currently chairs Speedy Hire, will replace Iain Ferguson at the head of the company, which owns Southend and Carlisle airports. He joins on June 1 and will assume his new role at the next AGM.

Alba Mineral Resources plc (LON:ALBA) announced a maiden resource for the Thule Black Sands (TBS) project in

north-west Greenland. An independent mineral sands specialist, IHC Robbins, detailed a 19mtn tonne inferred resource comprising 43.6% 'total heavy minerals'. It also noted an in-situ Ilmenite grade of 8.9%, giving 1.7mtn tonnes of contained ilmenite.

A bounce in the price of oil in Edmonton, Canada, has given Cabot Energy PLC (LON:CAB) a little more time to negotiate a long-term funding package. Cabot raised £2.53mtn from a share issue in March and has enough working capital to last until the end of May.

Afarak Group PLC (LON:AFRK) has issued a profit warning for the first quarter of 2019 after some of the challenges from 2018 persisted into its new financial year. The chrome alloys specialist said in a trading update in late-afternoon on Tuesday that the ferrochrome price had fallen in the quarter due to weaker demand for stainless steel from China, and as a result the company expected its performance for the period would be "below market expectations" with an expected EBITDA loss of around €5mtn.

Tlou Energy Limited (LON:TLOU) investors will be looking forward to further clarification over an apparent positive result of its tender for a coal bed methane based pilot power plant in Botswana. The formal process got underway in 2018 after the Botswana authorities requested tenders for the development of a plant with up to 100 megawatts capacity. Big Pic in April.

Bushveld Minerals Ltd (LON:BMN) said it ended the first quarter on a "very strong note" with its best monthly production from its South African vanadium plant in 21 months. During the three months ended March 31, the Vametco operation produced 649 metric tonnes of the metal, which is found in alloys used in jet engines. That was broadly in line with the same period last year.

Tharisa PLC's (LON:THS) half year results revealed the impact of lower chrome prices and reduced sales, though the company told investors that it expects a strong operational performance for the remainder of the year.

APQ Global Limited (LON:APQ), the emerging markets growth company announced that, as at the close of business on 30 April 2019, its unaudited book value per ordinary share was 90.96 US cents, equivalent to 69.77p. It said that figure includes the accrual for the 1.5p (2.0 US cent equivalent) dividend payable on 31 May 2019.

### 6.45am: FTSE 100 to push higher

The FTSE 100 index is expected to push higher on Wednesday, extending the previous session's strong gains as US and Asian markets rallied overnight amid some optimism over remedies for the Sino/US trade war.

Spread betting firm IG expects the blue-chip index to open around 11 points higher at 7,252, having gained 77.92 points on Tuesday.

Overnight on Wall Street, the Dow Jones industrial Average closed 207 points, or 0.8% higher at 25,532, recouping around a third of the previous session's 600 point plunge after President Donald Trump made slightly soothing comments on the recent trade war escalations.

That more positive view fed through into Asian trading today, with Hong Kong's Hang Seng index gaining 0.7% and Japan's Nikkei 225 index up 0.2%, helped too by hopes for further economic stimulus moves by Beijing in the face of weaker industrial output and below forecast retail sales data from China.

On currency markets, sterling stayed cautious against the US dollar and the euro in the absence of any UK data due today, with investors eyeing the latest moves in the ever-lasting Brexit saga.

Last night the UK government said it will bring its Brexit plan back to parliament for yet another vote in early June as prime minister Theresa May tries to get a deal agreed before the summer break even though the opposition Labour Party said it might still not back the bill despite a recent series of talks.

### Turbulence expected from TUI numbers

On the corporate front, investors will be bracing themselves for more turbulence from TUI AG's (LON:TUI) first half results after the blue-chip holidays firm warned at the end of March that its underlying earnings (EBITA) for the year could fall as much as 26% due to the grounding of Boeing's 737 MAX range of aircraft following crashes.

In a preview, analysts at UBS said they expect TUI to report a second-quarter underlying EBITA loss of €223m, up from the €134m loss posted in 2Q 2018.

On a divisional basis, the Swiss bank's analysts expect the group's tour operator business to report a loss of €320m reflecting headwinds from the late Easter, as well as a weakening of end-markets year-on-year.

In Hotels, they expect pressure on revenue per available room (Revpar) in Spain and more flattish development for the Caribbean leading to EBITA of €69m, down 19% down year-on-year, but EBITDA for its Cruises business is seen up 11% year-on-year at €61m.

Warmer weather to boost Kingfisher sales

FTSE 100-listed DIY stores group Kingfisher PLC (LON:KGF) had a difficult 2018 with profits plummeting 52.8% on the back of struggles at its French business Castorama and a tough UK retail market.

Following the poor performance, the company - also the owner of B&Q and Screwfix - has started a succession plan for chief executive Véronique Laury but a departure date is yet to be agreed.

Investors will be looking out for an update on the search for a new boss when the group reports its first quarter trading update on Wednesday. They will also be hoping for signs of recovery during the period.

UBS forecasts like-for-like sales growth of 1.7% for the first quarter, compared to a 4% drop reported the same period a year ago.

Significant events expected on Wednesday:

**Trading updates:** Kingfisher PLC (LON:KGF), Spirax-Sarco Engineering PLC (LON:SPX), Hargreaves Lansdown PLC (LON:HL.), Crest Nicholson PLC (LON:CRST)

**Interims:** TUI AG (LON:TUI), Compass Group PLC (LON:CPG), Marston's plc (LON:MARS), CYBG PLC (LON:CYBG), Tharisa PLC (LON:THA), SSP Group PLC (LON:SSP), Sanderson Group PLC (LON:SND), Ten Lifestyle Group PLC (LON:TENG), JPJ Group PLC (Q1) (LON:JPJ)

**Finals:** Experian PLC (LON:EXPN), British Land Company PLC (LON:BLND), Speedy Hire Plc (LON:SDY), Tavistock Investments PLC (LON:TAVI)

**AGMs:** Be Heard Group PLC (LON:BHRD)

**Economic data:** US retail sales; US industrial, manufacturing production; NY Empire State manufacturing index

Around the markets:

- Sterling: US\$1.2910, down 0.01%
- Gold: US\$1,295.30 an ounce, down 0.15%
- Brent crude: US\$70.94 a barrel, down 0.05%

City Headlines:

- Theresa May will bring in legislation implementing the Brexit deal to the Commons next month in a vote that will determine her remaining time as prime minister - The Times
- British Steel has asked the Government for a taxpayer-backed loan worth £75m amid fears it could be heading for a collapse - The Daily Telegraph

- Walmart is mulling a stock market listing for UK arm Asda after its plan to merge with rival Sainsbury's was blocked by the UK regulator last month - Reuters
- Metro Bank has launched a final push to tempt new investors in a battle to raise £350m - Daily Mail
- Capita, the embattled outsourcing group, has joined a select band of large companies to promote rank-and-file workers to its board - The Times
- Julian Richer, the founder of the Richer Sounds audio equipment chain, has announced that 60% of his stake would be transferred to an employee-owned trust - Financial Times
- Huawei is willing to sign a "no-spy agreement" with the British government to reassure politicians - The Guardian
- An increasing number of investors are betting on Uber's demise just days after the taxi-hailing company's lacklustre debut on the New York Stock Exchange - The Daily Telegraph
- Npower reported UK losses before interest and tax of €45m in the first three months of the year as compared to a profit of €43m in the same period last year due to the Government's energy price cap and continuing customer losses - The Daily Telegraph
- Co-op supermarket chain chief executive Steve Murrells has backed Tesco boss Dave Lewis's plans to reform business rates, which include a 2% tax on internet sales - Daily Mail
- Digital bank Monzo has teamed up with Octopus Energy and Ovo Energy to allow customers to switch to the challenger suppliers through its mobile banking app - Daily Mail

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 [action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

### No investment advice

Proactive Investors is a publisher and is not registered with or authorised by the Financial Conduct Authority (FCA). You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.