

# FTSE 100 Market Report

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## FTSE 100 closes lower again as European shares slide as mood sours

- FTSE 100 index closes lower
- But FTSE 250 gains
- Wall Street shares up

FTSE 100 closed in the red again on Thursday as European indices headed south as traders slip into a more doubtful mood.

Hints of a rate cut from the Fed chair yesterday across the Pond boosted sentiment a bit but today, it has slipped back.

Footsie closed nearly 21 points lower at 7,509.

But mid-cap FTSE 250 fared better. It added nearly 24 points at 19,443.

The French CAC 40 is down around 15 at the time of writing, while the German DAX dropped over 41 points. But on Wall Street, the Dow Jones Industrial Average added over 190 points at 27,050, while the S&P 500 gained nearly seven.

Top loser on Footsie was the online grocer Ocado (LON:OCDO), which has had a see-saw week. It was top gainer on Tuesday after being top loser on Monday, as traders fretted over this week's trading statement, which showed a drop in first half earnings but a big rise in fees received from international partnerships. It was not in favour today and the firm's shares lost 6.17% to stand at 1,140p.

4.00pm: Footsie fizzles

London's leading stocks look set to end the day modestly lower, as the bright start by US stocks has fizzled somewhat.

Although the Dow Jones industrial average was still 99 points (0.4%) higher at 29,960, the broader-based S&P 500 was off by three-quarters of a point at 2,992.

In the UK, the FTSE 100 was down 15 points at 7,515, with the suspicion being that many traders have turned their focus to the England/Australia World Cup cricket semi-final.

Miners were largely responsible for dragging the blue-chips index lower while firm housebuilders ensured that the losses were not too severe.

Anglo-Dutch fast moving consumer goods maker Reckitt Benckiser PLC (LON:RB.) was up 2.3% at 6,576p after paying a cool US\$1.4bn to settle a lawsuit relating to the Indivior drugs division it hived off.

Shares in Alexander Mining PLC (LON:AXM) were the top risers in London, soaring 29% to 0.045p on positive news relating to its AmmLeach technology.

Aussie firm Accudo Metals is currently working to deploy the licences it holds for Alexander's AmmLeach patented technology across more than one project in Australia.

2.45pm: US stocks power ahead

As expected, US indices have opened positively after the US central bank's chairman, Jerome Powell, hinted yesterday that a rate cut could come soon.

### Share Information

#### MarketTopic Synopsis:

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

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The Dow Jones 30-share industrial average was up 126 points (0.5%) at 26,989 while the S&P 500 was up 7 points (0.2%) at 3,000.

"Despite the Fed cutting its forecasts for US price growth and mirroring its dovish shift on interest rates, today's Inflation print will give comfort to a split FOMC," said Anthony Kurukgy, a senior sales trader at Foenix Partners, commenting on the US inflation data released earlier today.

"With risks to global growth continuing to escalate, the US Central Bank will adopt its 'insurance' policy of cutting interest rates at least once this year, regardless of how well the economy is performing and to offset any potential shocks," he suggested.

Back in the UK, the Footsie continued to search for direction, nursing a 4 point (0.1%) fall to 7,526.

2.00pm: US indices expected to open higher after inflation data

US indices were expected to open firmer in the wake of inflation data.

The Dow Jones was tipped to open just over 100 points higher at 26,964 while the S&P 500 was expected to climb 7 points or so to around 3,000.

The June US consumer prices index (CPI) rose 0.1%; economists had expected no change.

The core CPI rose 0.3%, ahead of the consensus forecast of a 0.2% increase.

"The hefty 0.294% increase in the core was due to an array of factors, namely, the third big increase in rents in the past four months, a 1.6% rebound in used car prices—after four straight monthly declines—a 1.1% rebound in apparel prices, a 0.8% increase in household furnishings and operations, and the fourth straight 0.3% rise in healthcare costs," noted Ian Shepherdson at Pantheon Macroeconomics.

"The sustainability of some of these increases is questionable, but used car prices likely will rise in July and August too, because the lag auction prices, while our model points to continued solid increase in rents," he added.

In the UK, the FTSE 100 remains becalmed, down 10 points (0.1%) at 7,521.

12.10pm: Retailers weigh on the index

In what might be an ominous portent for the England cricket team, the Footsie has run into trouble after a bright start. London's index of heavyweight shares was down 8 points (0.1%) at 7,522, more than 35 points off its intra-day high.

Retail stocks have something to do with that; among the big fallers are groceries delivery technology firm Ocado Group PLC (LON:OCDO), down 3.6%; High Street bellwether Marks & Spencer Group PLC (LON:MKS), down 1.6%; and fashion flogger Next PLC (LON:NXT), down 1.5%.

Oil giants BP PLC (LON:BP.) and Royal Dutch Shell (LON:RDSB) defy the trend, climbing by around half a percentage point, as the oil price hits a six-week high as tensions rise in the Persian Gulf.

"There's been further gains seen in the price of crude oil with international benchmark Brent hitting its highest level since the end of May, above \$67 a barrel, as tensions in the Gulf are escalating once more," reported David Cheetham at xtb online trading.

"Reports that Iranian boats attempted to impede a British oil tanker before being driven off by a Royal Navy ship has once more raised the spectre of a major disruption in what is a key choke point for waterborne crude. Roughly 20% of global oil flows through the Strait of Hormuz and any disruption around this key bottleneck could cause a rapid supply shock and send oil prices spiking back near the year-to-date high in the mid \$70 region," he predicted.

"The oil markets were already enjoying a solid week of gains, with Wednesday's session posting an increase of more than 4%, supported by another large decline in US inventories and a softening US dollar. There seems to be a confluence of factors combining to provide a pretty potent cocktail for oil at present and it would not come at all as a surprise if further gains lie ahead," he added.

Oil's 0.5% rise today has actually been surpassed by the 0.8% increase in the price of gold, which is up US\$10.90 to US\$1,423.40 an ounce.

"Gold was certainly buoyed by Powell's comments which knocked the dollar and spurred the rally," said Craig Erlam at Oanda, referring to yesterday's testimony by the chairman of the US Federal Reserve, Jerome Powell.

10.45am: Housebuilders lead the way after signs of revival in the housing sector

Housebuilders drove the Footsie higher this morning after the latest housing market data from the Royal Institution of Chartered Surveyors (RICS).

The FTSE 100 was 23 points (0.3%) higher at 7,554, with three of the index's top five risers coming from the housebuilding sector.

Barratt Developments PLC (LON:BDEV), up 3.3% at 603.6p, was the top riser, while Taylor Wimpey PLC (LON:TW.), up 2% at 161.65p, and Persimmon PLC (LON:PSN), up 1.7% at 1,917p, were also keenly wanted.

"Investors raced to snap up shares in housebuilders after the latest RICS survey showed some signs of recovery in the housing market," reported Russ Mould at AJ Bell.

"It says interest among buyers rose for the first time since November 2016, and that prices had risen outside of London, the East and the South East of England.

"Although it is too early to call a bounce-back in the property market based on one set of data, the news does offer a glimmer of hope for investors in housebuilding stocks," he added.

#RICS reports that new buyers increased in June for first time since Nov 16. This has to be good for #housebuilders today.

— Paul Hawkins (@Hawkeye\_74) July 11, 2019

Sterling's recovery against the dollar - the pound was up by a third of a cent to US\$1.2535 in mid-morning trade - has put a crimp on the Footsie's riser, however; the FTSE 250, which has a mid-cap constituent list that is not so dependent on dollar earnings, was faring better, up 79 points (0.4%) at 19,498.

Diploma PLC (LON:DPLM) was the top riser, up 5.9% at 1,421p after it acquired Virginia Sealing Products for £56mln.

9.20am: Sterling's rally slows the Footsie's rise

Zap! Powell! The market got off to a positive start after yesterday's comments from Jerome Powell, the chairman of the US central bank.

The FTSE 100 was up 23 points (0.3%) at 7,554, despite sterling rallying on foreign exchange markets - usually a dampener on sentiment towards UK blue-chips.

"With the likelihood of a July rate cut from the Fed upped by Wednesday's double dose of dovishness via June's meeting minutes and Jerome Powell's testimony to Congress, the European indices were allowed to nudge higher after the bell," commented Connor Campbell at Spreadex.

Reckitt Benckiser Group PLC (LON:RB.) advanced 2.2% to 6,571p after it reached agreements with the US Department of Justice and the Federal Trade Commission to resolve the investigation into the sales of Suboxone Film by its former prescription pharmaceuticals business Indivior.

The company will pay up to US\$1.4bn to get the US authorities off its back but the market decided it was a price worth paying to draw line under the affair.

Indivior PLC (LON:INDV), meanwhile, was up by a third at 58.78p after it raised full year revenue and earnings guidance.

Robert Noel, the chief executive officer of Land Securities Group PLC (LON:LAND) might be wondering about his reputation in the Square Mile after the property company's shares rose 0.9% at 845.6p on news he would step down next year.

8:40am: Firm start for Footsie

The FTSE 100 rose 20 points to 7,550.91, taking its cue from Wall Street and Asia's main markets, which were buoyed by some 'dovish' comments from US Federal Reserve chair Jerome Powell.

Brushing off criticism from President Trump, Powell hinted there may be scope for an imminent cut to US interest rates when he addressed the House of Representatives Financial Services Committee on Wednesday.

"His remarks lit the green buy light across the board," said Neil Wilson, analyst at Markets.com. "Stocks, oil, gold, bonds and currencies ex the dollar are pretty well all bid up with the Fed apparently happy to keep its hand on the pump.

"What happens when it stops cutting (one and one for insurance purposes?) and what happens if the US-China trade sitch [sic] goes awry? Market seems priced for perfection and earnings are slowing."

Turning to the corporate front, blue chip housebuilder Barratt Developments (LON:BDEV) was well bid early on, rising 2.4% after it upgraded guidance yesterday, with the sector helped by a reassuring RICS housing market survey.

Dropping down a division, Indivior (LON:INDV) shot up 40% after it said competition for its addiction drug Suboxone hadn't been as bad as it anticipated.

Proactive news headlines:

Allergy Therapeutics PLC (LON:AGY) has re-confirmed that its earnings will be ahead of market expectations as it continues to make market share gains. In a comprehensive update on trading, it said net revenue for the year is expected to be £73.7m, up 8% on last year, while cash at the end of June was £27.4m.

Europa Metals Ltd (LON:EUZ) has completed a second drill hole at its Toral lead-zinc-silver project in Spain and begun to drill a third.

The University of Kansas Medical Center has placed an order for another of Polarean Imaging PLC's (LON:POLX) 9820 Xenon Polariser system.

Benchmark Holdings PLC (LON:BMK) has made a breakthrough discovery in increasing genetic resistance to a common infection that affects tilapia fish.

Coinsilium Group Limited (LON:COIN) has signed a strategic advisory agreement to promote adoption of the RSK Smart Contract Network in Singapore and Southeast Asia.

KRM22 PLC (LON:KRM) has signed a partnership with quantitative solutions provider Quant Foundry to integrate risk models into its Enterprise Risk Cockpit (ERC), while also announcing a trading update for its first half.

BigDish PLC (LON:DISH) has launched its discount dining app in Brighton with a number of restaurants. The AIM-listed company expects the number of restaurants using the platform in the city "will increase quickly" and for Brighton to be a "significant location" for the company.

OptiBiotix Health PLC (LON:OPTI) is close to completing the processes required to meet US regulatory compliance standards for the manufacture of its LPLDL strain, it announced in a commercial and scientific update.

Tremor International Ltd (LON:TRMR) has launched its Connected TV (CTV) advertising offering in what it says is an "important milestone" for the group.

Bosses at cell-based therapeutics specialist ReNeuron Group have described the past 12 months as "transformational". The highlight of the Neil Woodford-backed company's year came in February, when it reported positive initial data from the mid-stage study of its retinitis pigmentosa treatment..

Berkeley Energia Ltd (LON:BKY) has revealed that Paul Atherley has resigned from his position as chief executive as the developer of the Salamanca uranium mine will set up its headquarters in Madrid. Atherley, who has been chief executive since June 2015, intends to concentrate on his other investments in the resource sector.

Ariana Resources PLC (LON:AAU) has highlighted 'positive' drill results from the Salinbas gold project in the 'hot gold corridor' in Turkey. Drilling encountered 'Salinbas-type' mineralisation in several holes, in an area between the known Salinbas deposit and the Ardala porphyry system.

Jubilee Metals Group PLC (LON:JLP), in a broader project update, told investors it is ready to completed the acquisition of the Sable Zinc Kabwe refinery in Zambia. It highlighted that its team is now ready to start a programme of equipment upgrades at the site to process lead, zinc and vanadium.

Active Energy Group PLC (LON:AEG) has appointed an experienced US-based engineering and consulting firm to install the reactors at its industrial site in Lumberton.

MaxCyte Inc. (LON:MXCT) (LON:MXCS), the global cell-based therapies and life sciences company, said it is today hosted a Capital Markets Day for institutional investors and analysts in London. The group noted that its chief executive officer, Doug Doerfler, will host the event with other members of MaxCyte's commercial, medical and financial leadership team and leading key opinion leaders from the fields of cell and gene therapy and immuno-oncology.

IXICO PLC (LON:IXI), the data analytics company delivering insights in neuroscience, said it has received notification that on 5 July 2019 and 9 July 2019 its chairman, Charles Spicer acquired 140,421 ordinary shares in the company at an average price of 28.485p. The group said, following these purchases, Spicer is interested in 333,196 ordinary shares, representing 0.71% of the company's enlarged issued share capital.

Further to its announcement of 8 July 2019, BATM Advanced Communications Limited (LON:BVC), a leading provider of real-time technologies for networking solutions and medical laboratory systems, confirm that the group's shares commenced trading on its Secondary Listing on the Tel Aviv Stock Exchange today. Based on its current market capitalisation, BATM said it expects to become a constituent of the TA-90 index at the next applicable assessment date.

6.30am: FTSE 100 expected to rise

The FTSE 100 is seen starting Thursday on the front foot in what is likely to be a mild 'summerish' day after last night's interesting but slightly innocuous update from Federal Reserve chair Jerome Powell.

IG Markets called the London index up around 25 points, making the price 7,556 to 7,559.

Trade trash talking has calmed, at least temporarily, and until the Tory leadership battle is wrapped up the Brexit babble won't gain much more momentum.

So attention this morning is on the lukewarm state of the US economy, in the wake of Powell's latest comments which give granularity following June's 'no change' interest rate call.

"In Washington DC, Jerome Powell was reasonably balanced in his testimony," said David Madden, analyst at CMC Markets.

"The central banker said the economy was in good shape even though 'crosscurrents have re-emerged'. Trade tensions have been a factor in relation to global growth, and the Fed chief welcomed the US-China talks, but said that the negotiations don't 'fully remove uncertainty'."

He added: "The US unemployment rate is near a 50-day low, and wage growth is outpacing inflation, but Jerome Powell said that wages were not high enough to put upward pressure on prices. The June non-farm payrolls report was solid, but it didn't change the policy outlook."

The US dollar weakened in the hours after the Fed boss's testimony.

Wall Street stocks closed Wednesday's trading session moderately higher. The Dow Jones gained 76 points or 0.29% to 26,860, while the S&P 500 moved 0.45% higher to finish at 2,993, and the Nasdaq advanced 0.75% to end at 8,202.

In Asia, Japan's Nikkei rose 103 points or 0.48% to 21,636, while Hong Kong's Hang Seng added 0.98% to 28,480, and the Shanghai Composite index edged up 0.13% to 2,920.

Around the markets:

The pound: US\$1.2530, up 0.22%

Gold price: US\$1,422 per ounce, up 0.89%

Brent crude: US\$67.11 per barrel, up 4.39%

Bitcoin: US\$11,434, down 12.2%

Significant announcements due on Thursday:

**Finals:** Dart Group PLC (LON:DTG), ReNeuron Group PLC (LON:RENE), Ilka PLC (LON:IKA)

**Trading update:** Workspace Group plc (LON:WKP)

**AGMs:** Land Securities PLC (LON:LAND)

**FTSE 100 ex-dividends:** None

**Economic data:** RICS housing market survey; US weekly jobless; US CPI

City Headlines:

- Applications open for new North Sea oil and gas exploration - BBC News
- Gold capitalizes on dovish Fed expectations - FX Street
- Is the UK on the brink of recession? - Financial Times
- Microsoft to open first European store in central London - The Guardian
- Most big CO2 emitting firms not on track for climate goals - Reuters
- Environment pollution: Water firms' protection efforts 'unacceptable' - BBC News
- Total sells pool of North Sea oil assets for \$635m - Financial Times
- Marks & Spencer could close more stores than 110 already planned - Independent

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