

# FTSE & SMALL CAP MARKET REPORT

17:32 30 Jan 2019

## FTSE 100 closes higher with gains across all major sectors

- FTSE 100 index closes 107 points ahead
- Wall Street makes gains
- Top Footsie riser is BATS

FTSE 100 closed convincingly higher on Wednesday as US stocks were also on the up.

"The British market is showing gains across all the major sectors, financials, consumer goods, mining and energy. The rally in iron ore and oil has helped the market outperform its Continental rivals as it has a relatively high exposure to commodity stocks," noted market analyst David Madden at CMC Markets.

The UK index of leading shares finished over 107 points ahead at 6,941, while the FTSE 250 was also strong. The mid-cap index closed up over 125 higher at 18,827.

The FTSE AIM 100 added around 23 at 4,708.

On Wall Street, the Dow Jones Industrial Index is up over 362 points at 24,943.

The S&P 500 is ahead by around 26.

3.38pm: US private sector jobs beat expectations in January

The US's private sector added 213,000 workers in January, higher than expected amid the longest government shutdown in the country's history.

The data from payroll processing firm ADP was ahead of economists' forecasts of 178,000, with the services sector taking the largest share of new hires with 145,000.

While not as much, the manufacturing sector added 33,000 jobs, the most in over four years.

The data will also be taken in comparison with the official nonfarm payroll report which is due on Friday and is expected to indicate a cooldown in hiring after a strong December that saw 312,000 jobs created and wages accelerating at their quickest pace since 2009.

The FTSE 100 was up 97 points at 6,931.

2.45pm: US markets open higher lifted by Boeing and Apple

Wall Street saw a strong start on Wednesday as better-than-expected earnings from Apple and bumper results from Boeing bolstered the blue-chips.

Shortly after the open, the Dow Jones Industrial Average was up 265 points at 24,848, while the S&P 500 was up 17 points at 2,657 and the Nasdaq was up 77 points at 7,105.

Coming later will be the Federal Reserve meeting, which is widely expected to leave rates unchanged, but investors will be on the look out for any hints of the central bank's intentions for 2019.

The FTSE 100 was up 111 points at 6,944

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#### MarketTopic Synopsis:

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

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1.20pm: Wall Street aims for higher open amid boost from Apple Inc earnings

The US markets are pointing to a higher open this morning after Apple Inc's (NASDAQ:AAPL) better-than-feared results put a spring in its step.

The tech giants' stock was higher in pre-market trading after its December-quarter earnings, released after Tuesday's close, came in just ahead of forecasts, reporting revenues of US\$84.3bn compared to a figure of US\$84bn released to investors in early January.

There may also be a lift from aircraft maker Boeing Co (NYSE:BA), which reported fourth quarter earnings and revenues this morning well above expectations, as well as providing an upbeat outlook.

The other big US focus will be the outcome of the Federal Reserve's monetary policy conference, with chairman Jerome Powell to hold a press conference later today.

Traders will be eyeing any signs that the Fed could be taking a different stance on its pace of interest rate hikes.

In London, the FTSE 100 was up 115 points at 6,949.

12.44pm: German trade body warns of Brexit "disaster", Lloyd's to cut hundreds of jobs,  
A German trade body, the Bundesverband Großhandel, Außenhandel (BGA), has said both the UK and Germany are headed for economic disaster in response to the decision by Parliament to renegotiate Theresa May's exit deal.

The BGA said that it was irresponsible that no solution or concrete proposals were in place so close to the 29 March deadline.

Meanwhile, the Unite trade union has branded plans by FTSE 100 firm Lloyds Banking Group (LON:LLOY) to cut another 292 jobs across several offices as part of its cost-cutting programme as "appalling".

The cuts form part of Lloyds' ongoing Group Strategic Review 3 and Unite called on the bank to urgently give staff the reassurances that they need that there will be no compulsory redundancies, that redeployment opportunities will be found for staff and the remaining smaller occupancy sites are at no further risk.

The market however seemed unphased with Lloyds shares rising 1.6% to 57.7p.

The FTSE 100 pushed past the triple-digit mark for its gains and was up 109 points at 6,943.

11.41am: FTSE 100 adds to gains as morning ends

At lunchtime approached, the FTSE 100 had improved on its gains from earlier in the day as investors continued to digest the impact of yesterday's vote on several Brexit amendments.

Joshua Mahony, senior market analyst at IG, said that while it remained to be seen whether the EU would budge on the latest UK efforts to rewrite the Irish backstop, the aversion to a no deal exit may mean "there will slowly be a softening in stance towards Theresa May's existing deal in Westminster".

He added that given the backing on an anti-no deal amendment in Parliament on Tuesday, "it comes as no surprise that the pound continues to find buyers despite such an occurrence being just two months away".

Into late-morning, sterling was recovering from a post-vote drop yesterday and was up 0.27% at US\$1.31 against the dollar and up 0.3% at €1.14 against the euro.

Speaking of Brexit, there was some winter gloom in the air for the Eurozone this morning after the European Commissions economic sentiment indicator fell to 106.2 in January from 107.4 in December, lower than consensus forecasts of 106.8.

The economically bigger countries such as Germany and the Netherlands saw confidence fall 0.8 points and 4.1 respectively, while in Spain confidence was steady at +0.1.

Interestingly, despite the recent unrest on account of the 'gilet jaunes', sentiment in France was up 0.5 points.

The FTSE 100 was up 89 points at 6,923.

10.35am: Consumer borrowing posts slowest growth since 2014

According to new data from the Bank of England, UK consumer borrowing grew at its slowest rate annually since 2014 last year as shoppers saved more and spent less after years of credit growth.

The pace of growth dropped to 6.6% in December, down from 7.2% the month before and continuing a slowdown trend across the year following the end of an uptick in new car finance.

While consumers did spend during the summer heatwave and the World Cup period, credit card borrowing has been slowing with December borrowing falling to £100m, its lowest level since September 2014.

The slowdown also comes after figures from the Insolvency Service released last Thursday revealed that the number of people entering insolvency has risen to a seven-year high, bolstered by a rise in the use of individual voluntary arrangements (IVAs) which allow people to avoid bankruptcy while repaying part of what they owe to creditors.

The FTSE 100 was up 60 points at 6,894.

10.00am: BoE rate hike expectations cut amid Brexit wrangling

The odds of an interest rate hike by the Bank of England (BoE) have fallen amid the uncertainty surrounding Brexit.

The interest rate swap markets have lowered expectations of a rate hike by the end of 2019 to 52% from 64% previously.

The reduction is the latest in a series of a litany of moves that followed the latest Brexit vote by Parliament yesterday, where MPs voted simultaneously to renegotiate the 'backstop' element of Theresa May's exit deal and also to reject amendments to delay the exit date.

The pressure was piled on today by Carolyn Fairbairn, head of the Confederation of British Industry, who told the BBC that she believed the vote last night may have caused some firms to accelerate their no-deal planning.

"I don't think there will be a single business this morning who is stopping or halting their no-deal planning as a result of what happened yesterday, and I fear they may even be accelerating it," Fairbairn said.

Despite an initial drop on the back of the news, sterling seemed to have recovered into mid-morning and was up 0.4% at US\$1.311 against the dollar.

The FTSE 100 was up 56 points at 6,890.

8.35am: Good early progress

The FTSE 100 got off to strong start, though this was more the result of the weaker pound than it was an improvement of sentiment surrounding the two big issues guiding the market - Brexit and Sino-American trade talks.

The index of blue-chip stocks raced 52 points higher in the first half hour of trade to 6,885.55, dragged higher by the dollar earners.

The miners, in particular, were in demand, led by Rio Tinto (LON:RIO), which advanced 2.8% and BHP (LON:BLT), up 2.4%.

The tobacco stocks, after a down day on Monday, appear to have found some traction with investors as fears over the menthol cigarette crackdown Stateside seemingly receding.

After rebounding 4% on Tuesday, British American Tobacco (LON:BATS) advanced a further 1.7%, followed by Imperial Brands (LON:IMB), ahead 1.6%.

Proactive news headlines:

Two of the UK's leading online video marketing firms are planning a merger. Taptica PLC (LON:TAP) and RhythmOne PLC (LON:RTHM) confirmed discussions are at an advanced stage. The deal is structured as an offer by Taptica that will see it own 50.1% of the enlarged group and Rhythm One 49.9%.

Erris Resources PLC chief Anton du Plessis said he was "delighted" with the latest drill results from the Abbeystown zinc-lead-silver-copper project in Ireland. He said the underground work in County Sligo had effectively extended mineralisation south to join with the surface drilling completed last year.

Canada-listed explorer VR Resources has discovered a Cretaceous-age porphyry copper system at its Junction property in Nevada - a project it bought from Sunrise Resources Plc (LON:SRES) in the summer of 2017.

Live Company Group Plc (LON:LVCG) has held its first BRICKLIVE show in the US at the Ford Center in Frisco, Texas.

Katoro Gold PLC (LON:KAT) said review and analysis by the company of all historic work undertaken on the Haneti Nickel Project (HNP) in Tanzania has now completed leading it to identify several high priority exploration targets.

BlueRock Diamonds PLC (LON:BRD) has announced the recommencement of operations at the Kareevlei Diamond Mine in the Kimberley region of South Africa after a lifting of the temporary suspension of operations imposed by the country's mining regulator following an accident at the mine.

Profits from Bushveld Minerals Limited's (LON:BMN) Vametco vanadium mine in South Africa more than quadrupled last year as prices of the silvery-grey metal surged.

Kodal Minerals PLC (LON:KOD) has acquired more ground in Mali close to its Bougouni lithium prospect. The additional 200 sq km is contained within two licences, Mafele Ouest and Nkemene Ouest, 25km to the west of Bougouni and adjacent to the Goulamina lithium project owned by ASX listed Birimian.

G3 Exploration Ltd (LON:G3E) said it is targeting first gas at its Guizhou block in 2019 as it issued an operations update for 2018 and outlooks for the new year.

Red Rock Resources PLC (LON:RRR) said it participated in a refinancing of African Battery Metals PLC (LON:ABM), while updating on the position of its licences in Kenya and the Democratic Republic of Congo.

HemoGenyx Pharmaceuticals PLC (LONHEMO) chief Dr Vladislav Sandler is set to present at a cancer immunotherapy conference in March. At the Keystone Symposia on Molecular and Cellular Biology in Canada, he will provide an overview of the development of the company's CDX antibodies.

Tharissa PLC (LON:THS) announced that its executive management will be presenting to analysts on 30 January 2019, with the presentation to be published on the **company's website**.

Bango plc (LON:BGO), the mobile commerce company, held a Strategy Day today in London for investors and analysts, with no new material trading or financial information to be disclosed. It said a copy of the presentations given today will be made available on the **Bangoinvestor.com** website.

6.45am: FTSE 100 tipped to move higher

The FTSE 100 is tipped for a higher open this morning as traders await the latest meeting of the Federal Reserve later today while US and Chinese negotiators sit down for the latest round of trade talks to resolve the ongoing dispute.

Spread-betting firm IG expects the FTSE 100 to open around 33 points higher after closing up 87 points at 6,833.

David Madden, chief market analyst at CMC Markets UK, said that "hopes aren't overly high" for the latest round of trade talks, citing struggles between the two economies over the recent issues with Chinese tech giant Huawei.

In the US markets yesterday, the Dow Jones Industrial Average closed up 51 points at 24,579, while the S&P 500 closed down 3.8 points at 2,640 and the Nasdaq was down 57 points at 7,028.

Asian markets were mixed today, with the Japanese Nikkei 225 down 108 points at 20,556 while Hong Kong's Hang Seng was up 27 points at 27,557, with the decline mostly on the back of tech giant Apple Inc's (NASDAQ:AAPL) revenue decline.

In an update issued after-hours on Tuesday, the smartphone maker gave a first quarter revenue outlook of between US\$55bn-US\$59bn, below analyst expectations. A key pain point was revenue from its iPhone sales, which dropped sharply to US\$52bn in the December period from US\$61.1bn in the prior year.

On the currency markets, the pound was up 0.2% at US\$1.309 against the dollar and flat at €1.143 against the euro amid a flurry of Brexit-dominated news yesterday as Parliament voted to reopen the backstop but also a non-binding motion to reject a no-deal exit.

Fed statement to take centre stage on Wednesday

With a small let up in the deluge of corporate updates, all eyes will be on the meeting of the US Federal Reserve, which while not expected to bring any major changes will be watched for the accompanying statement from Fed chair Jerome Powell.

In the UK there will be a bit of corporate action in the form of a Capital Markets Day from Pennon Group as well as a trading update from budget airline Wizz Air.

Significant announcements expected on Wednesday:  
**Federal Reserve monetary policy decision**

**Capital Markets Day:** Pennon Group plc (LON:PNN)

**Trading updates:** Wizz Air PLC (LON:WIZZ)

**Finals:** Low & Bonar PLC (LON:LWB), Staffline Group PLC (LON:STAF), Aukett Swanke Group PLC (LON:AUK)

**Interims:** Best of the Best plc (LON:BOTB), Hargreaves Services PLC (LON:HSP)

**Economic data:** UK BoE consumer credit, mortgage approvals; US ADP employment; US preliminary GDP; US pending home sales

Around the markets:

**Sterling:** US\$1.309, up 0.2%

**Brent crude:** US\$61.5 a barrel, up 0.4%

**Gold:** US\$1,315 an ounce, up 0.9%

**Bitcoin:** US\$3,411.6, up 0.64%

City headlines:

**Financial Times:** The UK parliament yesterday backed Theresa May's plan to reopen the EU divorce agreement she

struck last year despite repeated warnings from Brussels it will not countenance such renegotiations.

**The Daily Telegraph:** Threats to the world economy risk going unnoticed because of holes in the European and worldwide systems for spotting potential financial disasters, the International Monetary Fund and the European Systemic Risk Board have warned.

**The Times:** Apple's first-quarter profit and sales declined for the first time in more than a decade last night as it laid bare the extent of its struggles in China.

**The Guardian:** Mike Ashley is in bidding battle with stock market-listed ScS Group to take over the struggling online furniture specialist Sofa.com.

**Financial Times:** Lloyd's of London chief executive John Neal has laid out plans to rejuvenate the insurance market, promising to cut costs, increase technology use and win more business.

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