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FTSE 100 closes lower as Chinese data dents sentiment

- FTSE 100 index finishes in the drink
- Wall Street shares mixed
- China manufacturing data weighs
- Ex-div stocks responsible for most of the Footsie's loss

Share Information

MarketTopic Synopsis:

A report on the major benchmarks and notable risers and fallers in London. .

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FTSE 100 closed in the red Thursday but FTSE 250 went the other way, while other European indices went higher.
The UK's premier share index closed down around 32 points at 7,074.

FTSE 250 finished over 27 points at 19,181.

"It is a mixed bag in Europe," said analyst David Madden, at CMC Markets.

"The FTSE 100 is firmly in the red as a broad based sell-off in consumer, energy and mining stocks has weighed on the British index," he added, noting that disappointing Chinese manufacturing data out last night had weighed on Footsie.

US stocks are mixed, with the Dow Jones Industrial Average down nearly 32 and the S&P 500 also off around a point.

4.00pm: The Footsie almost wipes the slate clean
A late charge - although "charge" may be overstating it - by the Footsie has seen the index's losses largely whittled away.

The FTSE 100 was down 22 points (0.3%) at 7,085, most of which (13.9 points, to be precise) could be accounted for by a number of the index's big dividend payers trading ex-dividend today.

There was no afternoon rally for Rolls-Royce Holdings PLC (LON:RR.) after an adverse reaction its results and its withdrawal from the bidding for Boeing's new mid-size aeroplane.

"Many parts of the business are operating more efficiently than they have in the last few years, but Warren East hasn't quite got Rolls-Royce firing on all cylinders. Large numbers of Trent 1000 powered aircraft have been grounded, generating a significant repair bill, and the group has dropped out of the bidding to supply engines for Boeing's new mid-size planes," noted George Salmon, an analyst at Hargreaves Lansdown.

"There are bright spots, such as the £611m net cash position and £568m of free cash flow, a critical figure for Rolls since management put it front and centre of the investment case but there are asterisks attached to the progress. While Rolls deserves credit for freeing up cash by changing its supplier terms, much of the improvement is being driven by extra upfront payments and £70m of restructuring costs have been excluded," he added.

The shares were down 2.6% at 957.2p.

2.35pm: US markets open mixed
US markets opened mixed, which was a better result than had been before the release of US gross domestic product (GDP) data.

The FTSE 100 rallied after the GDP release and then fell back before rallying again to 7,080, down 27 points (0.4%).

In the US, the Dow Jones index was up 36 points (0.1%) at 26,021 while the S&P 500 was down half a point at 2,792.

US GDP in the fourth quarter grew at an annualised rate of 2.6%, which was ahead of the consensus forecast of a 2.2% rise.

"The US economy slowed by less than feared in 4Q18 with investment picking up some of the slack. With the government shutdown over and a better backdrop regarding financial markets and trade, we suspect activity in 1Q19 can perform well, too," said ING Economics.

Naeem Aslam at thinkmarkets.com said the US GDP number was "solid as a rock" and the price of gold "eased off the back of this".

12.15pm: Footsie shaken but not stirred by abrupt end to US-North Korea summit
The top-share index has clawed back some of its earlier losses despite expectations of a soft start on Wall Street.

The FTSE 100 was down 44 points (0.6%) at 7,063.

"US index futures had held relatively steady overnight, but news shortly ahead of the European session that the US - North Korea summit had broken down without a conclusion served to unsettle markets, at least a little," reported James Hughes at Axi Trader.

"Wall Street seems to be taking the news largely in its stride. Dow futures have already rebounded off earlier lows, drawing a line under this bout of selling - at least for now.

"Shortly ahead of the opening bell the US Q4 GDP reading is due for publication," Hughes noted.

"Expectations have already been dialled down here but the influential Atlanta Fed forecast is now showing just 1.8%. That in itself may rock sentiment, but without doubt anything much below that level will lead to fresh questions at the Fed; however, given Jerome Powell's stoic outlook earlier this week, that may be sufficient to quell any fears there's a shock coming in the short term, although with fresh questions being asked over progress in those China trade talks, there's still plenty of reason to be cautious," he added.

Axi Trader is calling the Dow Jones to open 55 points lower at 25,930 and the S&P 500 to start 7 points lighter at 2,785.

Back in Blighty, the chance to wheel out the James Bond and luxury car references has proved irresistible for pundits and analysts after Aston Martin Lagonda Global Holdings PLC's (LON:AML) first set of full-year results as a publicly listed company sent the shares sharply into reverse.

"Aston Martin Lagonda, which has only been tradeable for around 5 months, had a car crash morning," said Connor Campbell at Spreadex.

"Investors pressed the ejector seat following Aston Martin's latest update, the Bond favourite veering off-road as it announced a £30 million fund to deal with any Brexit disruption," he added.

"It may still be James Bond's favourite model but shares in luxury car maker Aston Martin Lagonda appear to have real engine trouble, and its first set of full year results as a quoted company don't help matters, revealing it spent a weighty £136mlm to list in London last year," chipped in AJ Bell's Russ Mould.

The shares were down by one-sixth at 1,150p.

Elsewhere, Rentokil Initial PLC (LON:RTO) was defying the trend, rising 4.3% and topping the FTSE 100 leader-board after the rat-catcher and laundry firm's 2018 results .

"We are confident of delivering further progress in 2019 and anticipate a slight increase in market expectations for

2019," the company said.

11.00am: FTSE 100 plumbs new depths
Coming up to 11am, the FTSE 100 hit its lowest point of the day as traders fret over rising geo-political tension.

The FTSE 100 was down 66 points (0.8%) at 7,041.

"The FTSE has dipped to its lowest level in almost three weeks this morning, falling back below the 7,100 mark as global equities in general have pulled back as risk sentiment took a hit after the US and North Korea failed to reach an agreement over denuclearisation for the peninsula," reported David Cheetham at XTB.

Miners were out of favour after some underwhelming PMI data from China (see below).

Rio Tinto PLC (LON:RIO) fell 2.4% to 4,318p despite reporting increases in mineral resources at its Pilbara iron ore operations in Western Australia.

Housebuilder Persimmon PLC (LON:PSN) was the top blue-chip faller in the sector, down 2.2% at 2,397p, on the day the publication of the Nationwide House Price Index (HPI) revealed a fall in the index to 426.4 in February from 426.6 in January.

The average selling price in February dipped to £211,304 from £211,966 in January.

"After almost grinding to a complete halt in January, annual house price growth remained subdued in February, with prices just 0.4% higher than the same time last year," commented Robert Gardner, Nationwide's chief economist.

"Indicators of housing market activity, such as the number of property transactions and the number of mortgages approved for house purchase, have remained broadly stable in recent months, but survey data suggests that sentiment has softened," he added.

FTSE 250 stock Bovis Homes PLC (LON:BVS) was down but outperforming the market with a 0.4% fall at 1,060.5p after its 2018 results.

Liberum Capital Markets, which has a target price of 950p and rates the shares a 'hold', said the results were ahead of its forecasts.

"Consensus expectations are likely to upgrade," the broker said.

10.10am: Abrupt end to North Korea-US talks weighs on shares
As if traders have not got enough on their plate with a barrage of company results to analyse, geopolitical concerns are also rising.

The FTSE 100 was down 51 points (0.7%) at 7,056, not helped by the likes of AstraZeneca, Diageo and easyJet trading ex-dividend today.

Aside from easyJet, the worst performing blue-chip was RSA Insurance Group PLC (LON:RSA), which was down 4% at 505.6p after its full-year results gave shareholders a chill.

"No major surprises as RSA reports a 3% lower than expected 2018 PBT [profit before tax] of £480m (up 7% y/y) vs our £495m estimate and 8% below the £523m consensus," was broker Peel Hunt's assessment of the results.

Results from paper and packaging group Mondi PLC (LON:MNDI) also got the

thumbs-down. Revenue was up 5% year-on-year in 2018 but analysts had pencilled in a rise of 6.7% while some might have been expecting a special dividend, which did not materialise.

9.15am: News from the east not helpful to market sentiment
An abrupt ending to the US-North Korea talks has put financial markets in a sour mood.

The FTSE 100 was down 54 points at 7,053 on a day when updates from blue-chip companies have come thick and fast.

"With US President Donald Trump stating that the US is unwilling to lift sanctions and North Korea 'unprepared' to meet his demands, the chances of a breakthrough deal happening any time soon are unlikely; however, Trump and Kim walking away from the negotiating table doesn't mean bilateral relations between the two have taken a turn for the worse. With the summit ending amicably, this could open the doors for further talks in the future," suggested an optimistic Lukman Otunuga at FXTM.

Trump says North Korea summit collapsed because Kim demanded total sanctions relief in exchange for closing only some of his nuclear sites https://t.co/JF1E58P7cM pic.twitter.com/5WCqhoh7Q3

— Business Insider (@businessinsider) February 28, 2019
Sentiment has not been helped by weak economic data from China in the form of purchasing manager indices (PMIs).

"China's manufacturing and non-manufacturing PMI continued to fall in February. Unless the trade war truly turns into an extended truce, the weakening trend may not end quickly. As such we expect March's PMI to fall too," said ING Economics.

China's manufacturing PMI for February clocked in at 49.2, down from 49.5 in January and below the 50-point dividing line that separates contraction from expansion.

"One piece of slightly good news comes from new orders, which represent new domestic orders. These rose to 50.6 in February from 49.6 last month. There are two explanations for this. One is that the stimulus and monetary easing have been effective in bringing domestic demand back to expansion. Another is that this data is just a one-off and will not persist.

"We believe that it will be better to monitor these data for another month before we jump to any conclusions," said ING.

Non-manufacturing PMI fell to 54.3 from 54.7 in January, with new orders dipping to 50.7 from January's reading of 51.0.

8.40am: Dull progress on busy Thursday
Soon we'll be back where we were at the start of the month - below 7,000 - with the FTSE 100 kicking off the session in the red (again).

That potent combination of Brexit and Sino-Chinese trade worries has once more infected the index of blue-chips, which fell 43 points to 7,064.66.

India and Pakistan's move to a war footing has not been factored into the market's calculation, but as London Capital Group analyst Jasper Lawler pointed out: "Investors will keep watching from a distance, poised to react if necessary."

Results from rat catcher Rentokil (LON:RTO) and British Airways owner IAG (LON:IAG) lifted shares in the respective businesses 5.3% and 3.6% respectively.

It was not so much a nose-dive, but a 5% adjustment to altitude for Rolls-Royce (LON:RR.), after it announced it won't be vying to have its jet engines fitted to Boeing's new mid-sized aircraft.

The gloss came off Aston Martin Lagonda (LON:AML), whose maiden figures showed the luxury car maker swung to a loss. It is also setting aside £30mln to cope with the impact of Brexit. The net effect was an 8.5% tumble on the company's market capitalisation.

Proactive news headlines:
Shanta Gold Limited (LON:SHG) reported higher revenue and earnings as the New Luika gold mine produced above expectations through 2018. New Luika produced some 81,872 ounces of gold, above guidance for 80,000 ounces.

Amryt Pharma PLC (LON:AMYT) said it has been given permission to extend the age eligibility for its Phase III trial of a drug to treat a rare skin condition. The study's independent data monitoring committee has concluded that children aged between 21 days and four years can take part in the programme.

Renewables group Greencoat UK Wind PLC (LON:UKW) delivered a strong financial performance and a chunky dividend despite electricity generation being slightly below budget. Acquisitions added a further three wind farms to the portfolio in the year just gone, taking it to 32 separate investments generating 2,003GWh of electricity (6% down on expectations).

BigDish PLC (LON:DISH) shares jumped in early deals on Thursday as it targeted a March launch for its platform in Southampton and unveiled plans for a new, redesigned website.

ANGLE PLC (LON:AGL) has kicked off another clinical study of Parsortix - its simple blood test which can help doctors spot the early signs of cancer.

Virtual reality (VR) firm Immotion Group PLC (LON:IMMO) has appointed Dubai-based Warehouse of Games as its exclusive distribution partner in the Middle East and North Africa.

ADES International Holding Ltd (LON:ADES) has completed its acquisition of four onshore rigs in Algeria from oil and gas services giant Weatherford International PLC (NYSE:WFT).

Kodal Minerals PLC (LON:KOD) has reported a 23% increase in the mineral resource at its Bougouni Lithium project in Mali, with 55% of the updated figure in the indicated resource category.

RM Secured Direct Lending PLC (LON:RMDL) has announced plans to place shares at a pound a pop to satisfy demand for new shares and increase its investment firepower.

Results from the recent drilling programme at the Cinovec lithium-tin project continue to meet or exceed European Metals Holdings Limited's (LON:EMH) expectations. The company has completed drilling on five of the eight holes it intends to drill and has released results today from the fifth drill hole - hole CIS-14.

Bluebird Merchant Ventures (LON:BMV) will submit its permit to develop the Kochang mine in Korea next week. Two meetings have taken place recently with the state-owned Korean Resources Corporation (KORES) including a site visit.

Oriole Resources PLC (LON:ORR) has told investors that its exploration partnership with IAMGOLD is continuing at the Dalafin project, where the Year-2 earn-in period has now begun. As part of its option to acquire up to 70% of the project - by spending up to US$8mln on exploration - IAMGOLD is expected to invest at least US$1mln this year.

Diversified Gas & Oil PLC (LON:DGOC) revealed it generated some US$289.8mln of revenue during 2018 as it continued to expand its business through acquisition. It completed four deals during the year, with US$938mln of transaction value.

G3 Exploration Ltd (LON:G3E) has updated its estimate of reserves for its coal bed methane assets in China. Total net proved or 1P reserves rose 37% over the year to 135Bcf of gas, worth US$682mln at an average price of US$8.98 per Mcf.

Rockfire Resources PLC (LON:ROCK), the gold and copper-focused resource company, has announced the appointment of SI Capital Ltd as joint broker to the company, with immediate effect.

Redx Pharma PLC (LON:REDX) said it has successfully completed an agreement with Alderley Park Limited to significantly reduce its accommodation footprint in the company's Headquarters at Alderley Park, Cheshire. It added that, as part of the agreement, on 27 February 2019, a warrant to acquire 750,000 ordinary shares of 1p each in the share capital of Redx was issued to Alderley Park Limited. The Warrant will not become exercisable until the second anniversary of issue.

6.45am: FTSE 100 set to fall
The FTSE 100 is expected to start Thursday slightly lower, at least partially following global benchmarks which are weighed by the latest sentiments regarding the USA-China trade dispute.

Markets had hoped resolution was close but evidently new comments suggest that it is not going to be so simple.

"Comments from US Trade Representative Robert Lighthizer that a trade deal was not yet certain unnerved investors, putting the brakes on trade optimism and resulting in risk coming off the table," said Jasper Lawler, analyst at London Capital Group.

"Lighthizer's comments that China would need to do more than just buy more US products suggests that the distance between the two sides on key issues is still substantial."

Lawler added: "The market rightly or wrongly has got ahead of itself in terms of trade talk optimism, we are now seeing traders come back to reality, which explains the recent selloff."

Weaker Chinese manufacturing data also added some negativity in the global equity mix too.

Continued pound strength, amid latest Brexit expectations, is another pressure on the FTSE 100 which is made up mainly of multinational dollar-earning companies.

IG Markets reckons the FTSE 100 will start trading about 16 points lower, as it calls the price at 7,075 to 7,078 with more than an hour to go until the open.

Wall Street indices were mostly negative at Wednesday's close. The Dow Jones was down 72 points or 0.28% finishing the session at 25,985, while the S&P 500 was only slightly lower losing 0.05% to end the day at 2,792.

The Nasdaq, meanwhile, edged just slightly into positive territory - up 0.06% at 7,554.

In Asia, Japan's Nikkei gave up 171 points or 0.79% to 21,385 and Hong Kong's Hang Seng was 0.24% lower at 28,688. The Shanghai Composite similarly shed 0.64% trading at 2,934.

Significant Events expected on Thursday:
Finals: International Consolidated Airlines Group PLC (LON:IAG), Rolls-Royce PLC (LON:RR.), British American Tobacco plc (LON:BATS), Bovis Homes PLC (LON:BVS), RSA Insurance PLC (LON:RSA), Rentokil Initial PLC (LON:RTO), CRH PLC (LON:CRH), Merlin Entertainments PLC (LON:MERL), Inchcape PLC (LON:INCH), Aston Martin Lagonda Holdings PLC (LON:AML), Hunting Plc (LON:HTG), Hastings Group PLC (LON:HSTG), Howden Joinery Group PLC (LON:HWDN), Mondi Plc (LON:MNDI), National Express Group PLC (LON:NEX), Petrofac PLC (LON:PFC), Foxtons PLC (LON:FOXT), Gocompare.com Group PLC (LON:GOCO), Vesuvius Plc (LON:VSVS), Amigo Holdings PLC (LON:AMGO), Bakkavor PLC (LON:BAKK), Grafton Group PLC (LON:GFTU), Greencoat UK Wind PLC (LON:UKW), Arrow Global Group PLC (LON:ARW), Diversified Oil & Gas PLC (LON:DGOC)

Interims: Ricardo plc (LON:RCDO), Management Resources Solutions PLC (LON:MRS)

Ex-dividends to knock 13.9 points off FTSE 100 index: AstraZeneca PLC (LON:AZN), Barclays PLC (LON:BARC), Diageo plc (LON:DGE), easyJet PLC (LON:EZJ), Micro Focus International PLC (LON:MCRO)

Economic data: UK Nationwide house prices; US weekly jobless claims; US preliminary GDP; US Chicago PMI

Around the markets:

- Pound: US$1.3303, down 0.05%
- Gold: US$1,319 per ounce, up 0.14%
- Brent Crude Oil: US$66.03 per barrel, up 1.24%
- Bitcoin: US$3,802, up 0.007%

City Headlines:

- UK car exports to China fall by 72% in January - Sky News
- M&S and Ocado to start home delivery service next year - BBC News
- Labour to push for stricter online gambling regulations - Guardian
- Arm warns delaying 5G in Europe would hit GDP - Financial Times
- Boeing seeks UK decision on Wedgetail jet buy this year - Reuters
- Interserve's biggest shareholder says rescue plan is 'terrible' - Guardian
- Experian pulls planned purchase of start-up rival ClearScore - Financial Times
- Wonga causing damage 'from beyond the grave' - BBC News