

# FTSE & SMALL CAP MARKET REPORT

19:32 26 Apr 2019

## FTSE 100 closes just in red as crude price decline hits resource stocks

- FTSE 100 closes in red
- US stocks mixed; Europe higher
- Glencore off 3.65%
- Gold trading at US\$1,288.40 an ounce, up US\$8.70 ([click here](#))

FTSE 100 closed a shade in the red on Friday, with the FTSE 250 also lower as the oil price fall hurt resource stocks.

The UK blue-chip index finished down nearly six points at 7,428, while the mid-cap FTSE 250 shed around 14 points at 19,856. In Europe, the French and German benchmark indices gained ground.

On Wall Street, the Dow Jones Industrial Average is up 20 points at the time of writing, but the tech-heavy Nasdaq is off around seven points.

Brent crude is down 3.46% at the time of writing to \$71.78 a barrel, while the US benchmark is off 3.65% to \$62.83.

BP (LON:BP.) was among the top five Footsie losers, down 2.32% at 556.10p, while Glencore (LON:GLEN) shed 3.30% to 310.85p.

David Madden, market analyst at CMC Markets, said: "Stock markets are mixed this afternoon as the trading week draws to a close. The FTSE 100's relatively high exposure to the commodity sector is why the index is underperforming its Continental counterparts. The sharp sell-off in oil is hurting has hammered the energy sector, and the miners are lower too. The London equity benchmark reached a six month high during the week, and the wider sentiment is still positive."

3.00pm: US markets open lower

The FTSE 100 briefly threatened to edge into positive territory but has relapsed after US markets opened lower.

The top-shares index was down 18 points (0.24%) at 7,416.

In the US, the Dow Jones was 42 points (0.16%) in the hole at 24,420 while the S&P 500 was down almost 6 points (0.20%) at 2,920.

Among Footsie constituents, Just Eat PLC (LON:JE.), the operator of an online marketplace for food takeaways, has wrenched the wooden spoon from RBS's hands.

The shares were the worst performing blue-chips, down 5.2%, after first quarter numbers failed to match up to expectations.

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"Takeaways firm Just Eat is a ship without a captain following the departure of Peter Plumb earlier this year and it could be sailing into dangerous waters if today's first quarter update is any guide," warned AJ Bell's Russ Mould.

"While a big noise is made about the strength of its international business, UK order growth slowed sharply in the period.

"As you would expect its excuses are made to order and ready to go - the comparison with a strong performance a year

### Share Information

#### MarketTopic Synopsis:

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

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before, warm weather in February and Easter coming late.

"What it doesn't mention is the increasingly competitive landscape for online takeaways with Deliveroo and Uber Eats making plays for market share.

"The company has already responded to the competitive threat with a change of model, investing in delivery services at the expense of short-term profitability but this alienated some investors who liked the strategy of simply providing an online platform for local takeaways, and thus avoiding having to spend that much cash.

"Plumb's replacement is likely to have plenty on their plate, including activist pressure from US shareholder Cat Rock Capital despite a nascent recovery in the company's share price so far in 2019," Mould concluded.

Just Eat plc has reported Q1 numbers saying group orders rose 21% to 61.4m with revenues up 28% at £227.9m

— Langton Capital (@langtoncapital) April 26, 2019 2.15pm: US GDP rises more than expected  
The FTSE 100 clawed back some more of the morning's losses after the release of the US gross domestic product data.

READ: Gold as an investment

Although not quite back to par, the Footsie was barely in the red; just 6 points (0.08%) down on the day at 7,429.

US gross domestic product in the first quarter grew at an annualised rate of 3.2%, quarter-on-quarter.

READ Wall Street stocks set for mixed start Friday as US economy and Uber float in focus

"More blastoff than business as usual, America's booming economy has smashed expectations once again - and is now growing at its fastest annualised rate since 2013," noted Ulas Akincilar, the head of trading at online trading platform, Infinox.

"Most miraculous of all is not the breathless pace of growth, but the apparent lack of inflationary side effects.

"That unlikely combination puts the Federal Reserve in an awkward position - clearing the way for it to hike interest rates while simultaneously reducing the need for a rise.

"America's central bankers have been sounding increasingly dovish of late, so on balance the odds of a rate hike next week are easing, despite today's barnstorming GDP figures," he added.

US GDP, 1949 - 2019 <https://t.co/75EUFFojRL> [pic.twitter.com/vWSI3j18cz](https://pic.twitter.com/vWSI3j18cz)

— ?????????????????? ?????????????????? (@billsweet) April 26, 2019

Working a similar theme was James Smith, an economist covering developed markets at ING Economics.

"Markets are pricing in at least one rate cut over the next year, but with the economy continuing to perform solidly, we think it is much more likely that the Federal Reserve keeps rates on hold for the foreseeable future," Smith said.

"We continue to expect a solid performance from the US economy this year, particularly if we get some more encouraging news from the US-China trade talks. While we don't expect the Fed to hike rates again this year, we think it looks pretty unlikely that rate cuts are on the horizon at this stage," he added.

1.30pm: US stocks set for indifferent start

FTSE 100 has not quite managed to claw back all of the morning's losses after a weak April CBI industrial trends

survey.

London's index of heavyweight shares was down 10 points (0.13%) at 7,424.

READ: Gold as an investment

Across the pond, spread betting quotes indicate the Dow Jones will open around 18 points lower at 26,444 while the broader-based S&P 500 is seen opening its account at around 2,927, around a point up from last night's close.

"The April CBI industrial trends survey points to the manufacturing sector having a lacklustre start to the second quarter as underlying domestic demand was weak and international demand softened amid a weakened global economic environment," reported Howard Archer, the chief economic advisor to the EY ITEM Club.

"The total orders balance fell back to a six-month low of -5% in April from +1% in March and +6% in February. April's reading is down from the levels seen around mid-2018 (+13% in June) although it is above the long-term average of -13%.

"The softening in overall orders in April appears to have been primarily due to a weakening of international demand. The export orders fell back to -5% in April after rising to +8% in March from +1% in February and -5% in January. The long-term average is -17%," Dr Archer added.

11.30am: Blue-chips mixed ahead of what is expected to be a similarly mixed start in the US  
The FTSE 100 is modestly lower ahead of what is expected to be a similarly soft start in the US.

After threatening in the first hour of trading to fall below 7,400, the Footsie has rallied to 7,424, down 10 points (0.14%), with WPP PLC (LON:WPP), up 4%, leading the fightback after its first quarter trading update.

"Unfortunately for WPP in recent years, its great weight has created aches and pains to match. US sales continue to sink as major clients walk away, and the group needs to navigate a changing market, with increased digital competition coming from the likes of Facebook and Google," explained Sophie Lund-Yates, an equity analyst at Hargreaves Lansdown.

"The turnaround plan announced last year promises to return WPP to growth, but the group still expects like-for-like net sales to fall between 1.5% - 2% this year. Contract losses are continuing to take their toll, particularly in the automotive and fast-moving consumer goods industries. Despite the paltry numbers, investors will be relieved to see things haven't got worse - expectations for the full year may not have improved, but they haven't gone the wrong way either.

"The final thing on everyone's mind is the sale of market research business, Kantar. It's a chunky business on WPP's books and its sale will help efforts to simplify the business. Following recent speculation the group might struggle to find a buyer, the group confirmed today that the sale process was in fact going well," she added.

READ: Gold as an investment 10.30am: The Footsie pares its losses

The FTSE 100 has trimmed its losses somewhat, helped by the fact that there are more risers than fallers among its constituents.

The index of blue-chip shares had 42 fallers and 58 risers, despite which it was down 17 points (0.24%) at 7,417.

"It's been a slightly negative end to the week in Europe, with indices marginally in the red, while US futures are once again looking mixed as we await more earnings reports," reported Craig Erlam at Oanda.

"Earnings is very much front of mind right now, with central banks around the world having adopted a far more dovish approach in anticipation of a slowdown and some countries in Europe either in or bordering on recession. The US has got things off to a strong start against quite low expectations which has lifted equity markets there into record closing territory. The challenge is likely to be greater across Europe though, as the next few weeks may highlight," he added.

State-owned bank RBS continues to hold the wooden spoon with a 4.4% fall but miner and commodities trader Glencore PLC (LON:GLEN) is also under the cosh, down 3.4%, after the US Commodity Futures Trading Commission revealed it is investigating the company for possible corrupt practices in connection with commodities.

Glencore becomes the first (I think) company to disclose a corruption-related investigation by the CFTC, which announced in March that it would work on foreign bribery cases alongside the DOJ and SEC <https://t.co/FOnLGuzvux>  
[pic.twitter.com/eV1F4psfAh](https://pic.twitter.com/eV1F4psfAh)

— kadhim (kadhimshubber) (@kadhimshubber) April 25, 2019 9.30am: RBS the top FTSE 100 faller  
Royal Bank of Scotland Group PLC (LON:RBS) is the biggest faller on the FTSE 100 after warning income growth was likely to be "more challenging" in the near term as businesses delay borrowing decisions amid Brexit uncertainty..

Shares tanked 3.5% to 238p.

"After digesting the shock of the resignation of chief executive Ross McEwan yesterday, shareholders in Royal Bank of Scotland now have to contend with a downbeat set of quarterly results," said AJ Bell investment director, Russ Mould.

Mould saw a few items cause concern, including a declines in the net interest margin and adjusted profit.

He said the bank's substantial exposure to business banking meaning Brexit uncertainty is having an outsized impact.

"In summary, this statement could be seen as softening the market up for a profit warning later in the year," he said.

"Though, to give RBS some credit, the things over which has greater control are broadly on track with it sticking to its annual cost reduction target of £300 million.

"Today's update is a reminder of what a tough job McEwan's successor will be walking into despite the progress the New Zealander made in his five-and-a-half-year tenure."

8.40am: Friday falls for Footsie

The FTSE 100 looked to be headed for its third successive day in the red as it opened 29 points lower at 7,404.70.

City dealers were cautious rather than optimistic ahead of the release of US GDP data that will provide a health update on the world's largest economy.

The big news of the day came from Royal Bank of Scotland (LON:RBS). While the lender's Q1 operating profits were slightly above consensus, revenues undershot forecasts.

The company also joined the growing chorus of blue-chips citing Brexit uncertainty as a major headwind. The shares fell 5%.

"Businesses appear to be delaying making large capital commitments until the situation around the UK's future relationship with the EU is resolved," said Michael Hewson of CMC Markets.

Takeaway delivery group JustEat's (LON:JE.) fell 4.7% after it said the pace of growth in the first quarter had slowed.

On the march early on was AstraZeneca (LON:AZN), which, in the form of its quarterly update, provided just the tonic the market was looking for.

Shares in the UK's largest drug maker by market capitalisation rose 1.5% early on.

Dropping down to the tiddlers, ReNeuron (LON:RENE) shot up a further 15% in early trade after the group said its cell

treatment for a blindness-causing eye disease had further improved the sight of patients receiving it.

Proactive news headlines:

ReNeuron Group PLC (LON:RENE) said the first group of patients receiving cell therapy for a blindness-causing disease have seen "sustained and further improvement" to their sight. This was the top-line from the latest data assimilated from a phase IIa study of its human retinal progenitor cell (hRPC) treatment for retinitis pigmentosa.

Drilling operations are now underway at Union Jack Oil PLC's (LON:UJO) 16% owned West Newton project in East Yorkshire. The West Newton A-2 appraisal well is a follow up to a previously drilled discovery well, which yielded a 189bn cubic feet gas equivalent resource in the Kirkham Abbey Shoal formation.

ANGLE PLC's (LON:AGL) liquid biopsy system has been deployed in ground-breaking research assessing the role of the body's own immune suppressor cells in promoting the cancer spread - a process called metastasis.

ECR Minerals PLC (LON:ECR) said the drilling programme recently completed at the Black Cat gold prospect, within the Bailieston gold project area in the state of Victoria, Australia encountered some encouraging grades and provided important geological insights.

United Oil & Gas PLC (LON:UOG) has revealed what it describes as a significant resource upgrade for its Italian gas project. An independent consultant, commissioned by project operator Po Valley, confirms proved and probable gas reserves of 13.3bn cubic feet at the Podere Gallina licence.

Motif Bio PLC (LON:MTFB) (NASDAQ:MTFB) has announced the appointment of Andrew Powell as a non-executive director, with immediate effect. It noted that Powell has served as General Counsel at several biotechnology firms, including CollaGenex Pharmaceuticals, Imclone Systems, Cornerstone Therapeutics, Intermune and, most recently, Medivation.

Eden Research PLC (LON:EDEN) has revealed that its commercial partner, Eastman Chemical Company has received a 120 day "emergency use" authorisation from the Italian Ministry of Agriculture for Eden's nematicide formulation, marketed as Cedroz.

Taptica International Ltd (LON:TAP) has launched Tremor Video Private Marketplace Packages (PMPs) after combining its video advertising capabilities with RhythmOne. The AIM-quoted Taptica, which merged with RhythmOne, formerly known as Blinkx, earlier this year, said advertisers would now be able to show their videos in some of the "most highly sought-after environments in the digital space". Big Pic in April.

AdEPT Technology Group PLC (LON:ADT), the information technology (IT) and communications service provider, has hit the acquisition trail again, snapping up a Doncaster-based IT services provider that is focused on the education sector.

ValiRx Plc (LON:VAL) has entered into a subscription agreement with European High Growth Opportunities SF as part of a wider financing arrangement to be provided by the investor to the company including a convertible facility. The group said the funds will be used to conclude the current VAL201 trial and for general working capital purposes.

Shares in e-banking and international payments group FairFX Group PLC (LON:FFX) surged as the group said first-quarter revenue growth was ahead of expectations. Group turnover, which represents money passing through the FairFX platform, rose by a third in the first quarter of 2019 to £620.5m from £467.2m in the same period of 2018.

Sure Ventures PLC (LON:SURE), a backer of early-stage software companies, has made a direct investment of £500,000 in VividQ, a Cambridge-based deep tech software company.

Goldplat plc (LON:GDP) revealed that Gerard Kisbey-Green has stepped down as chief executive with immediate effect and it has launched a full review of its senior management requirements. Werner Klingenberg, who has been chief financial officer since June 2017, has been appointed interim chief executive.

Physical uranium stockpiler Yellow Cake PLC (LON:YCA) said the recent pullback in spot prices presented a good buying opportunity as it remained confident in the long-term outlook for the radioactive metal.

Further to its announcement on 16 April 2019, Highlands Natural Resources Ltd (LON:HNR) confirmed that Nick Tulloch will commence his role as finance director on 1 May 2019. It added that Melvyn Davies will step down from the board concurrently but will continue to assist Highlands as a consultant for approximately two months to effect a smooth transition.

6.45am: FTSE 100 set to claw back some of its recent losses

The FTSE 100 was expected to claw back a small proportion of yesterday's losses ahead of the release of US GDP figures.

The index of leading shares was tipped to open around six points higher at 7,440 after shedding 38 points yesterday.

US indices had a bad day yesterday, with sentiment rocked by an earnings miss from post-it notes maker 3M. The Dow Jones shed 130 points to close at 26,462 and the S&P 500 was off by just over a point at 2,926.

"The reporting season continues in the US and the likes of Microsoft and Facebook helped the tech-focused NASDAQ 100, while the disappointing numbers from 3M weighed on the Dow Jones. There was a jump in volatility in the index futures market as Amazon and Intel reported their latest numbers after the closing bell. Amazon's first-quarter earnings more than doubled and smashed forecasts, while Intel cut its guidance, which sent the shares tumbling in the post market," reported David Madden at CMC Markets.

Asian markets have been mixed this morning with the Nikkei 225 in Japan down 120 points at 22,187 and the Hang Seng in Hong Kong 40 points firmer at 29,590.

RBS the stand-out on a busy day for blue-chip news flow

In the UK, most interest will probably be on first quarter results from Royal Bank of Scotland Group PLC (LON:RBS), not least because of the resignation of its chief executive Ross McEwan on Thursday.

Away from the boardroom, the bank, which is still 62% owned by the UK taxpayer, looks finally to be back on track after drawing a line under legacy issues following its taxpayer bailout in 2008.

Last year it paid its first dividend since the 2008 financial crisis after a US\$4.9bn settlement with the US Department of Justice over mortgage-backed securities. RBS paid an interim dividend of 2p per share and a final dividend of 7.5p per share.

Analysts at Deutsche Bank think RBS could return another £11bn to shareholders over the next three years.

Another company on the lookout for a new boss is Just Eat PLC (LON:JE.) which is yet to appoint a replacement for Peter Plumb, who left at the beginning of the year.

The market will want more information on how the search is coming along in today's first-quarter update.

With advertising and marketing giant WPP PLC (LON:WPP), its traumatic change of boss is now behind it.

Analysts at Liberum Capital forecast the company will report a fall in first quarter organic net sales (or revenues less pass through costs) of 2.2%.

They see North America as the main driver of the declines, down an expected 9.5% year-on-year due to the loss of accounts including a large chunk of Ford.

At drugs giant AstraZeneca PLC (LON:AZN), there is the hope that a corner has been turned and that total revenue should return to growth this year.

Old drugs that have lost patent protection make up an ever-decreasing proportion of sales, and the growth is being driven by new cancer drugs, with Tagrisso the stand-out performer so far.

READ: Gold as an investment Significant events expected on Friday:

**Trading updates:** Royal Bank of Scotland Group PLC (Q1) (LON:RBS), AstraZeneca PLC (Q1) (LON:AZN), Just Eat PLC (LON:JE.), Pearson PLC (LON:PERSON), WPP PLC (LON:WPP), Rotork PLC (LON:ROR), Hastings PLC (LOH:HSTG)

**Finals:** EU Supply PLC (LON:EUSP)

**AGMs:** Capital Drilling Ltd. (LON:CAPD), Greencoat UK Wind PLC (LON:WIND)

**Economic data:** US preliminary GDP; University of Michigan final consumer sentiment index

Around the markets:

- Sterling: US\$1.2902, up 0.04 cents
- 10-year gilt: yielding 1.157%
- Gold: US\$1,282.20 an ounce, up US\$2.50
- Brent crude: US\$74.24 a barrel, down 11 cents
- Bitcoin: US\$5,382.76, down US\$125.39

City headlines:

- Financial Times
- Germany's two biggest listed lenders, Deutsche Bank and Commerzbank, have called off their planned merger.
- A shareholder group has called on Royal Dutch Shell to use its position as the joint owner of Brunei's biggest oil and gas venture to campaign for gay rights in the country.
- The Times
- Sainsbury's faces £50 million bill after its £12 billion merger with rival supermarket Asda was blocked by the competition regulator over fears that the deal would lead to price rises.
- Tullow Oil has cut its production guidance due to "technical" problems at its Ghana fields.
- 3M saw its market value plunge nearly \$15 billion yesterday after the maker of Post-it Notes reported slumping sales and cut its full-year profit forecast.
- Nokia, the Finnish telecoms equipment maker, posted a surprise loss in the first quarter, failing to capitalise on the political storm surrounding its Chinese rival Huawei.
- Significant numbers of investors have rebelled for a third year against the employment of Sir Nigel Rudd as chairman of Meggitt, the aerospace group.
- The Daily Telegraph
- Microsoft has become the world's third company to reach a valuation of one trillion dollars after posting a 19% increase in profits.
- US airline Southwest said it missed out on \$200 million of revenue in the first quarter after it was forced to cancel 10,000 flights after grounding of Boeing's 737 Max jets.
- McLaren Holding's annual revenues in the year to the end of December surged 44% to £1.26 billion, but pre-tax losses widened from £44.2 million to £67.6 million.
- Barclays' under-pressure investment bank registered a 29% decline in pre-tax profits just as it fights to stop an aggressive activist getting backing for a board seat.
- Scottish Power's profits plunged by a third due to the Government's energy price cap and mild winter weather.
- Laura Ashley has issued its second profit warning in two months following "very demanding" trading conditions in its third quarter.
- Daily Mail
- The high-end French brand Hermes posted a 16% rise in sales in the first quarter driven by Chinese shoppers'

yearning for luxury goods.

- Carpetright shares skyrocketed 37% in early trading yesterday after the troubled retailer showed signs of bouncing back from a torrid year.
- The Guardian
- Royal Bank of Scotland's chief executive, Ross McEwan, has quit after five and a half years in the job

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