

FTSE & SMALL CAP MARKET REPORT

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FTSE 100 closes firmly higher; Ashtead Group top dog

- FTSE 100 index closes up
- US benchmarks surging after Trump tweet
- Tesco gets good reception at Capital Markets Day

FTSE 100 closed Tuesday firmly higher as investors basked in comments from the European Central Bank and US stocks shot higher as trade fears eased.

The S&P 500 on Wall Street has jumped within 1% of a record high at the time of writing, while the Dow Jones Industrial Average is up 324 points as President Trump has tweeted that there will be an "extended meeting" with the Chinese president at the Group of 20 meeting in Japan.

In Europe, the German DAX is up almost 246 points, while the French CAC 40 is up nearly 119 points.

Britain's blue-chip benchmark closed up nearly 86 points at 7,443, while the FTSE 250 added over 154 points at 19,311.

"European equity markets have rallied today on the back of Mario Draghi's dovish comments from earlier this morning," said David Madden, analyst at CMC Markets UK.

"Mr Draghi, the head of the European Central Bank (ECB), talked about the prospect of using 'additional stimulus' and that has boosted equities. The possibility of lower interest rates, and or, a return to the bond buying scheme has acted as a green light to the bulls."

Top riser on Fointsie was Ashtead Group (LON:AHT), which added 6.09% to stand at 2,081p after the rental firm hiked its full-year dividend by 21% as growth in US revenue led profits higher.

Underlying pre-tax profit rose 17% to £1.1bn and total rental revenue gained 18% to £4.1bn in the year to the end of April 2019, supported by an increase in the fleet of equipment.

3.00pm; US stocks off to a flyer

US benchmarks got off to a fast start with the three major benchmarks all rising by more than 1%.

The tech-heavy Nasdaq Composite was the star performer, rising 133 points (1.7%) to 7,979. The Dow was up 324 points (1.3%) at 26,436. The S&P 500 was 34 points (1.2%) firmer at 2,924.

In the UK, the Fointsie was up 98 points (1.3%) at 7,455.

Supermarkets group Tesco PLC (LON:TSCO) was 3.9% higher on the day it was making a presentation to City institutions at its head office in Welwyn Garden City.

On the futures markets, gold was at its highest level in more than a year, rising above US\$1,350 an ounce before ebbing to US\$1,346.80, up US\$4.90 (0.4%) on the day, after dovish comments from Mario Draghi, the president of the European Central Bank.

One of the major drawbacks to holding gold is that it does not offer a yield but with interest rates already at historically low levels and tipped to decline further, the lack of yield is less of an issue.

Share Information

MarketTopic Synopsis:

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

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1.30pm: Footsie at its intra-day high ahead of US open

There's no stopping the Footsie at the moment, especially with US benchmarks expected to join the party this afternoon.

Following hints of more economic stimulus measures from European Central Bank president, Mario Draghi, traders have been like bulls in a share shop, buying up stock willy-nilly.

The FTSE 100 was up 78 points (1.1%) at 7,435 - its high point for the day - while across the pond the Dow Jones is expected to open around 153 points higher at 26,266 and the S&P 500 is tipped to rise 20 points to 2,910.

Mark Carney, the governor of the Bank of England will be speaking at 3pm but he will have to say something pretty sensational to yank the limelight away from Super Mario.

While the euro has dived in response to Draghi's hints of further interest rate cuts, sterling has also been in the wars, shedding around one-sixth of a cent against the US dollar, as forex traders fret over the prospect of Boris Johnson trouncing all-comers in the second ballot on the Conservative Party leadership.

"While major question marks hang over his integrity due to several past ignominious events, last Thursday's first-round vote suggested that Johnson already has sufficient support to qualify later this week as one of the pair of candidates to be put forward for the final vote among party members and nothing that has happened since then has dented his status as clear favourite to become the next Prime Minister," said Chris Scicluna at Daiwa Capital Markets.

"Today's second-round ballot will see the elimination from the contest of whichever of the six candidates comes bottom, as well as any other that fails to win a minimum of 33 votes from MPs," he added.

12.15pm: Euro plunges after ECB president hints at further rate cuts

The Footsie burst back above the 7,400 level as traders continue to weigh the implications of the latest comments from European Central Bank president, Mario Draghi.

London's index of blue-chip shares was up 56 points (0.8%) at 7,413 - its high point for the day - as it reacted positively to hints that Draghi would countenance further cuts in already virtually invisible interest rates.

Mario Draghi just announced more stimulus could come, which immediately dropped the Euro against the Dollar, making it unfairly easier for them to compete against the USA. They have been getting away with this for years, along with China and others.

— Donald J. Trump (@realDonaldTrump) June 18, 2019

"Mario Draghi has been back on the airwaves this morning doing what he does best. The ECB President - for a few more months at least - has become known for his ability to talk down the euro even during periods of tightening and this morning, he's delivered in true Draghi fashion once again," declared Craig Erlam at Spreadex.

"His claims that the asset purchase programme still has considerable room and interest rates could fall further did not fall on deaf ears, with the euro shedding a third of one per cent against the dollar (around 50 pips) and stock markets which had opened relatively flat moving healthily into the green. All in a morning's work for the man so adept at this kind of thing," Erlam breezily declared.

"There were no hints at when policy loosening will come but the admission that these options were discussed at the last meeting and will be discussed in future suggest we may not be far away," said Erlam, in tea-leaves reading mode.

For all that investors are apparently in "risk on" mood, a surprisingly large contingent of boring old utility stocks is among the Footsie's best performers.

Severn Trent PLC (LON:SVT), National Grid PLC (LON:NG.), United Utilities PLC (LON:UU.) and SSE PLC (LON:SSE) notched up gains of 1.5% or more.

Commodity plays were also well supported but not steel-maker Evraz plc (LON:EVR), which was down 1.8% at 696.8p after Citigroup downgraded the stock to 'sell' from 'neutral' and cut its target price to 530p from 611p.

Credit checking firm Experian PLC (LON:EXPN) was 0.8% higher at 2,440p, despite also getting the downgrade treatment; Credit Suisse shifted to a 'neutral' recommendation from an 'outperform' recommendation, although the target price was increased to 2,360p from 2,250p.

10.30am: European markets given a fillip by Super Mario

While all eyes were on the US central bank, the European Central Bank (ECB) just threw a sprightly cat in among the pigeons.

The ECB president, Mario Draghi, said that the bank was prepared to countenance more interest rate cuts and hinted that it could revive its bond purchase stimulus programme (aka quantitative easing, or QE).

"Super Mario is back!" declared Chris Beauchamp, the chief market analyst at IG.

"Despite only having a few months left to his tenure, the head of the ECB has handed his successor a firmly dovish bias, as he leaves the door open to more QE and renewed negative rates at the ECB in order to try once again to kick-start the eurozone economy," he added.

ECB President Mario Draghi: Further cuts in policy interest rates and mitigating measures to contain any side effects remain part of our tools
-And the APP still has considerable headroom

— LiveSquawk (@LiveSquawk) June 18, 2019

"The reaction has echoed that of old, with European indices performing a handbrake turn, recovering from their early losses to sit firmly in positive territory. In FX markets, the euro has dropped sharply, delivering looser policy for the eurozone by means of a weaker currency, while the dollar is surging once more," Beauchamp reported.

The FTSE 100 was among those European indices enjoying a mid-morning fillip, although it looks like the upturn is starting to run out of steam. After climbing to 7,407, the Footsie was back down to 7,393, up 36 points (0.5%) on the day.

Rolls-Royce Holdings PLC (LON:RR.) was outperforming the market, climbing 1.1% to 916.6p, after agreeing to to acquire the electric and hybrid-electric aerospace propulsion activities of Siemens.

9.15am: Waiting on the Fed

Another wait-and-see day for the Footsie looks in store ahead of the meeting of the latest US Federal Reserve starting today, with a US rate decision due after the London market close on Wednesday. London's index of large-cap shares was up 2 points (0.0%) at 7,359.

Mining stocks were largely responsible for the index crawling into positive territory, with Rio Tinto PLC (LON:RIO) and Antofagasta PLC (LON:ANTO) the pick of the bunch.

READ Ashtead hikes dividend as strong US revenue lifts profits

Full-year results from equipment rental firm Ashtead Group PLC (LON:AHT) were well received, especially the 21% hike in the dividend.

New post: "Ashtead Group plc 2019 Q4 - Results - Earnings Call Slides" <https://t.co/t4CDtSZKpK>

— BestUSTRaders (@bestUSTRaders) June 18, 2019

"In the lead up to these there have been some concerns we could see signs of a slowdown in the US construction market which was evident in Ferguson's numbers, another UK company with heavy exposure to the US construction market; however, these fears seem unfounded looking at Ashtead's results this morning as underlying revenue growth surged by 18% to £4.1bn while operating and pre-tax profits grew by similar rates to £2.1bn and £1.1bn respectively.

"The numbers overall were slightly ahead of expectations which helped lift the shares at the open," commented Helal Miah at The Share Centre.

Ashtead shares were up 0.7% at 1,965.5p.

8.45am: Subdued start for Footsie

The FTSE 100 marked time ahead of the US Federal Reserve's monthly call on interest rates due on Wednesday and - closer to home - the latest round of the Tory leadership race today.

The knock-out ballot on Tuesday should whittle the current six runners down by at least one - although betting might as well have been suspended on red hot favourite Boris Johnson.

Later we'll also see the remaining candidates go head to head in a TV debate screened on the BBC - this time with Johnson participating.

The political uncertainty caused by the Conservative Party protracted selection process has taken its toll on sterling, which, at US\$1.2539, is at its lowest ebb in almost six months against the American currency amid heightened fears of a no-deal Brexit.

"Boris Johnson is the clear favourite to become the next PM - in fact it rather looks like he's going to walk it," said Neil Wilson, analyst at Markets.com.

"Currency markets display fear that he has said he is prepared to take Britain out on October 31 without a deal if needs be.

"More BoJo, less mojo. Whilst a crowded trade there is real slippage here with little to spark life into the pound."

The index of blue-chips slipped 6 points to 7,351.65 as holiday stocks, led by Intercontinental Hotels Group (LON:IGH), which fell 2%, felt the squeeze from the weaker pound. TUI (LON:TUI) and Carnival (LON:CCL) weren't too far behind.

On the up were shares in the miners, including Anglo American (LON:AAL), which was driven 1.2% higher by bargain hunters after the sector's recent weakness.

Proactive news headlines:

Hurricane Energy PLC (LON:HUR) has generated its first-ever revenues after selling a tanker-load of oil from the Lancaster field, which sits about 100km off the west coast of the Shetland Islands.

Westminster Group PLC (LON:WSG) has been chosen as the technical partner to a major upgrade of the container port at Tema in Ghana. Final terms are set to be agreed with Ghanaian partner Scanport and port owner Meridian within 30 days.

Ethernity Networks PLC (LON:ENET) shares soared for a second session on Tuesday as the AIM-listed group confirmed yesterday's announcement from FiberHome Telecommunication Technologies, a major Chinese networking and telecommunication equipment provider that it has selected the firm's ACE-NIC100 FPGA SmartNIC for

implementation within its FitBNG, Broadband Network Gateway (BNG).

Directa Plus PLC (LON:DCTA) said its new financial year has "started well" and that roads will be laid in Italy, UK, USA and Oman this summer with asphalt strengthened by the addition of its graphene technology.

ClearStar Inc (LON:CLSU) saw its highest ever monthly revenues in May of this year and has reiterated its full-year outlook following a strong start to 2019.

Oracle Power PLC (LON:ORCP), which is developing a thermal power station in Pakistan, said it remains encouraged by continued support for the project from the Pakistani authorities.

Recent studies carried out at Chariot Oil & Gas Limited's (LON:CHAR) Anchois gas field, offshore Morocco, have shown that development of the project is "technically feasible".

Alba Mineral Resources plc (LON:ALBA) has updated the market on progress across its portfolio of resources assets. At the Clogau gold project results have been obtained from a further 463 samples from the recently completed 1,200 soil sample programme.

Yellow Cake PLC (LON:YCA) increased the value of the uranium it holds for investment by 22% during the 15 month period from January 2018 to March 2019. As at the end of March the value of the U3O8 held stood at US\$217.4mln, as against the acquisition cost of US\$178.2mln.

Regency Mines PLC (LON:RGM) has revealed that White Car Limited, a company in which its 100% owned subsidiary EsTeq Ltd. had invested, has informed EsTeq that it has entered voluntary liquidation. The EsTeq investment in White Car Limited was held at nil value in the most recent Regency interim accounts announced on 29 March 2019.

Chaarat Gold Holdings Ltd (LON:CGH) has received assays for the first tranche of the recent drilling programme conducted on its Tulkubash gold project in Kyrgyzstan. Over 3,800 metres of drilling was completed, with a minimum of 20,000 metres scheduled to be completed in 2019.

Scancell PLC (LON:SCLP), the developer of novel immunotherapies for the treatment of cancer, announced that, further to its announcement on 13 June, Martin Diggle, Co-Founder and Portfolio Manager of Vulpes Investment Management, has been appointed a non-executive director of the company with immediate effect. The group noted that Diggle has over 30 years' experience in investment banking and fund management and has been an investor in life sciences and biotechnology companies for nearly 20 years.

Primary Health Properties PLC, one of the UK's leading investors in modern primary healthcare facilities, late on Monday announced the launch of a £150mln offering of Convertible Bonds due 2025. The group said the net proceeds of the bonds are intended to be used to repay the company's £75mln, 5.375% senior unsecured bonds due 2019 on their maturity date and otherwise for general corporate purposes.

Live Company Group PLC (LON:LVCG) announced that its executive chairman, David Ciclitira acquired on-market a total of 20,000 ordinary shares in the company on the 17 June 2019, with 13,000 shares purchased at 53.5p each and 7,000 shares at 53.9p each. Following these purchases, it added, the total number of ordinary shares held by Ciclitira is 27,395,811, representing 38.89% of the company's issued share capital.

Salt Lake Potash Ltd (ASX:SO4) has completed the placement to strategic investors of 37.5 million shares to raise gross proceeds of A\$20.25 million for the ongoing construction of the Lake Way Project..

ReNeuron Group PLC (LON:RENE), the UK-based global leader in the development of cell-based therapeutics, has said it will webcast the analyst briefing on the day of its preliminary results, Thursday 11 July 2019. A recording of the webcast will later be made available at **ReNeuron's website**.

6.45am: FTSE 100 set to mark time

The FTSE 100 index is expected to make a slow but positive start on Tuesday, slightly extending Monday's modest gains falls after subdued performances from US and Asian markets overnight as traders await the outcome of the latest Federal Reserve meeting due on Wednesday.

Spread betting firm IG expects the UK blue-chip index to open around 6 points higher at 7,363, having gained 12 points on Monday.

Overnight on Wall Street, the Dow Jones industrial Average closed just 22.92 points, or 0.1% higher at 26,112.53, with the tech-heavy Nasdaq composite making the strongest gain of 0.6%.

Asia has been mixed today, with Japan's Nikkei 225 index shedding 0.9%, but Hong Kong's Hang Seng index adding 0.6%.

On currency markets, sterling remained cautious as traders await further twists in the ongoing Tory party leadership battle, little moved at 1.2533 against the dollar.

The pound has been cheaper of late due to rising hard-Brexit concerns as EU-sceptic Boris Johnson looks likely take the reins as the new Conservative leader and the UK's next prime minister.

Analyst Ipek Ozkardeskaya at London Capital Group said: "The Brexit negotiations could take another turn under Johnson's lead; the rising probability of a no-deal exit should continue weighing on the pound. The second round of leadership vote will be held today, and ballots will continue until two candidates are left."

Ashtead hopefully hasn't got bogged down

The corporate diary is fairly quiet once again, be there will be full-year results from FTSE 100-listed construction equipment hire firm Ashtead Group PLC (LON:AHT)

Ashtead shares have sunk by 20% since reaching high ground last year and have been quite bogged down ahead of the numbers.

Pressure has come from investor concern about a slowdown in the key North American market, which has been further aggravated by a profit warning from a construction services sector peer, which blamed high levels of rainfall in the US for a rash of delayed contracts.

Ashtead, which derives around 85% of its sales and 90% of profits from its US-based Sunbelt business, can take confidence from US rival United Rentals, which reported solid first quarter figures in April.

Despite headwinds from wet weather, analysts at broker Numis said they believe there is scope for Ashtead to beat its forecasts for pre-tax profit of £1.1bn.

Brighter future hoped for Telecom Plus

Moving to the second line, utilities firm Telecom Plus PLC (LON:TEP) provides an alternative to the more well-known suppliers of gas, electricity, telephone and broadband services through its Utility Warehouse brand, so investors will hope it has managed to take more market share when it also reports its finals on Tuesday.

However, a profit warning in April is likely to dim expectations as the firm has suffered from the mild UK winter weather as well as the government's energy price cap.

TEP is currently expected to report an adjusted pre-tax profit for the year of £56m, so investors will be hoping the company has at least managed to keep stable so it can take advantage of high levels of customer switching.

Meanwhile, having ended its prior year with a pre-tax profit rise of over 100%, storage group Safestore Holdings PLC (LON:SAFE) will be hoping to keep the gains going with its interim results.

The FTSE 250-listed firm reported 6.4% like-for-like (LFL) growth in revenue in its first quarter alongside a 3.2 percentage point rise in occupancy rates to 73.5%, so investors will be hoping more punters have been locking up more of their stuff in the company's storage boxes.

There may also be news of a successor to outgoing chairman, Alan Lewis, who previously announced his intention to step down from the firm.

Significant events expected on Tuesday June 18:

Finals: Ashtead Group PLC (Q4) (LON:AHT), Telecom Plus PLC (LON:TEP), NexEnergy Solar Fund Limited (LON:NESF)

Interims: Safestore Holdings PLC (LON:SAFE), Schroder European Real Estate Investment Trust PLC (LON:SERE)

AGMs: ClearStar Inc (LON:CLSU), Directa Plus PLC (LON:DCTA), Netscientific PLC (LON:NSCO), Savannah Resources PLC (LON:SAV)

Economic data: US housing starts

Around the markets:

- Sterling: US\$1.2533, down 0.01%
- Gold: US\$1,345.8 an ounce, up 0.2%
- Brent crude: US\$60.87 a barrel, down 0.1%

City headlines

Financial Times

- President Donald Trump has ordered 1,000 more US troops to the Middle East amid a dangerous escalation in tension with Iran as Tehran threatens steps that could spark the complete collapse of the landmark nuclear deal signed in 2015.
- After several years of cheap money and soaring prices, there are growing signs of problems in property markets.
- The biggest European private equity groups are rushing to raise new mega funds as they seek to tap into record demand from investors before markets become tougher.
- UK competition regulators will be given "judge and jury" powers to impose fines on companies that overcharge or mislead customers, Theresa May announced on Tuesday.

The Times

- President Trump is "perfectly happy" to slap tariffs on all imports of Chinese goods and is giving "very serious thought" to levies on European cars, one of his top trade officials said yesterday.
- The price of bitcoin climbed to its highest level in 13 months yesterday amid reports that Facebook would soon launch its own digital currency.
- Saudi Arabia has indicated that it could proceed with the on-again, off-again float of its state-owned oil company as soon as next year.
- Labour will call today for the creation of a gambling ombudsman to provide punters with legal safeguards and to deal with financial compensation.

Others

- Britain is aware of the risks facing sensitive areas of the economy from greater levels of Chinese investment, Philip Hammond has said, as London forges closer economic ties with Beijing despite US concerns. - Guardian
- Ministers must spend an extra £8bn a year on health, on top of the NHS's £20.5bn budget boost, or the service's long-term plan will fail, according to hospital bosses and NHS experts warn. - Guardian
- Airbus has stepped up the pressure on arch-rival Boeing on the opening day of the Paris airshow by launching a new long-range small passenger jet and announcing \$15bn (£12bn) worth of orders. - Guardian

- The global slowdown will extend into next year as mounting trade war uncertainty forces businesses to rein in spending and Chinese consumers turn cautious, Fitch Ratings has warned. - Telegraph

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