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Broker spotlight including Stagecoach, Go Ahead, National Express, Marks & Spencer, Lloyds, Amerisur Resources, Playtech

Stagecoach (LON:SGC) and Go Ahead (LON:GOG) were Deutsche Bank's winning picks in transport sector after it updated its coverage following the award of the East Coast rail franchise.

It rates both ‘buy', raising the valuation of the former to 470p a share from 400p.

National Express (LON:NEX) and FirstGroup (LON:FGP), meanwhile, remain on ‘hold' recommendations.

"A potential risk is that rail becomes a political football in the election build-up but we remain of the view that in reality there is unlikely to be any material change operationally even if we see a change of government," it said in a note to clients.

It was a day of top picks for Deutsche, which named Marks & Spencer (LON:MKS) the one to watch in the retail space. Rating the stock ‘buy' it said profit margin gains should offset the loss in market share.

The one notable upgrade on a slow day in brokerland was First Energy Capital's move to ‘outperform' from ‘market perform' on Amerisur Resources (LON:AMER).

On the flipside Keefe, Bruyette & Woods dropped its call to ‘market perform' from ‘outperform' on banking goliath HSBC (LON:HSBA).

In a preview to next week's banks stress tests, America's Citi reckons Lloyds (LON:LLOY) is ‘most at risk due to its large exposure to UK mortgages'. It rates the stock ‘neutral'.

It is, however, a ‘buyer' of the gaming software group Playtech (LON:PTEC) after initiating coverage earlier and reckons the shares are worth 840p.

"High and sustainable margins, a substantial cash flow, an earnings accelerator from likely acquisition(s) and strong growth macro underpin an attractive equity story," Citi said in a note to clients.

Finally, JP Morgan Cazenove ‘materially lowered' its price forecast for iron ore to US$67 per tonne, which had a knock impact on its forecasts for the large, supposedly diversified miners.

The only one of the big boys to come out of the process looking a halfway decent investment was Rio Tinto (LON:RIO), which JPMC says is the only one of its peer group with capacity to sustain its capital returns.

It retains its ‘overweight' call on Rio, while it says BHP Billiton (LON:BLT) (neutral) remains ‘under pressure'.

It remains ‘underweight' on Anglo American. It forecasts all three will have to fund their dividend payments from debt.

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