UK: +44 (0)207 989 0813
NA: +1 646 896 3065
AU +61 2 9280 0700
action@proactiveinvestors.com

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Brokers: Direct Line, Legal & General under scrutiny

Barclays Capital released a note on insurance groups on Thursday, with the banking giant repeating its largely negative view of the sector as a whole.

While it doesn't expect any impact from Brexit in the near-term, Barclays said that, in the longer term, "growth may slow if the UK does enter a recession".

The bank also pointed out that actions to protect capital in the event of a downturn will also have earnings implications, too.

As a result, it downgraded its price targets for Direct Line Insurance Group PLC (LON:DLG), Legal & General Group PLC (LON:LGEN), St, James's Place PLC (LON:STJ) and Standard Life PLC (LON:SL..

Despite retaining its 'negative' rating for the sector, Barclays did offer some modest upgrades on insurance stocks, too.

Esure (LON:ESUR), Hiscox Ltd (LON:HSX) and RSA Insurance Group PLC (LON:RSA) all had their share price targets upped by the London-based bank.

Barclays says it expects RSA to "demonstrate further tangible progress towards its ambitious 2018 targets", picking the stock as a "stand-out performer" in the sector.

Elsewhere, Berkeley Energia Ltd (LON:BKG) received the backing of the brokers, with both Liberum and finnCap opening their coverage of the stock with 'buy' ratings.

finnCap set a target price of 113p for the clean energy firm, nearly three times its current value, as Berkeley offers exposure "to the exceptionally high quality Salamanca uranium project" in Spain.

The broker also praised the "expected low operating costs and low upfront capital requirements" at the project.

Liberum was a little more modest in its valuation, setting a target of 60p, noting that near-term catalysts make for "a compelling investment case".

Like finnCap, the broker was optimistic about the projected low opex and capex costs, and believes the stock has limited downside.

Deutsche Bank offered its thoughts on a couple of mining stocks today.

It maintained its 'sell' recommendation for precious metals miner Fresnillo PLC (LON:FRES), although it did bump its price target by 50p to 1070p, still well down from the miner's current trading price.

It said the miner "continues to deliver a much improved operational performance this year, especially from its two main gold mines".

However, it also cited the 165% rise in the share price so far this year, which it feels leaves little room for additional upside.

The bank reiterated its 'hold' recommendation for fellow miner BHP Billiton PLC (LON:BHP) and although it remained fairly bullish about the stock, revised its price target slightly to 1240p from 1250p.

The reason for the lowering was due to "weaker realised for both iron ore and met coal", although Deutsche commented that the "outlook for minerals is more positive" than it previously has been.

Into the small caps and Shore Capital repeated its 'buy' recommendation for Sirius Minerals PLC (LON:SXX) after praising the company's "paradigm-shifting" polyhalite in North Yorkshire.

Shore expects the project to "boast the highest expected margin [and] largest projected annual profits" compared to K+S's Legacy project and BHP Billiton's Jansen project.

Although Sirius is "some years" away from becoming cash flow-generative, the broker says the stock "should enjoy significant value uplift" as it advances towards production.

Broker Cantor Fitzgerald maintained its 'buy' recommendation for Breedon Aggregates Ltd (LON:BREE) and repeated its share price target of 80p.

Cantor says the firm's interims, which were released today, "show the continued progress at the group" and believes the shares offer good value.

In good news for investors, it added that it expects Breedon to start paying a dividend from next year.