

08:08 09 Jan 2017

Market Briefing - UK markets closed in the green on Friday, helped by gains in banking shares and a weaker Pound

UK Market Snapshot

UK markets closed in the green on Friday, helped by gains in banking shares and a weaker Pound. Lloyds Banking Group advanced 1.9%, after a leading broker upgraded its rating on the stock to 'Overweight' from 'Equal weight'. Other lenders, HSBC Holdings and Barclays added 1.1% and 1.2%, respectively. easyJet rose 0.4%, following a rise in its passenger numbers and load factor in December compared to last year. On the flipside, International Personal Finance plunged 7.4%, after the consumer credit lender stated that it would file petition against a verdict by the Polish tax authority regarding the accounts of its Polish business, Provident Polska, for the financial year 2008. Precious metal miners, Centamin, Randgold Resources and Fresnillo declined 2.6%, 2.8% and 3.5%, respectively, tracking losses in gold prices. The FTSE 100 gained 0.2%, to close at 7,210.1, while the FTSE 250 rose 0.2%, to settle at 18,341.2.

US Market Snapshot

US markets closed higher on Friday, after the economic data showed that average hourly wages in the US rose at its fastest pace since 2009 on an annual basis in December. Fiat Chrysler Automobiles jumped 6.2%, following a broker upgrade on the stock to 'Conviction Buy' from 'Buy'. Amgen edged up 2.5%, after a US Federal Judge banned its competitors, Sanofi and Regeneron Pharmaceuticals, both down 2.8% and 5.8%, respectively, from selling their cholesterol drug as a penalty in patent infringement lawsuit. Gap added 0.4%, after the company posted an increase in its holiday season sales. On the losing side, Ruby Tuesday sank 24.7%, after its loss widened and revenue dropped considerably for the second quarter. AT&T fell 3.1%, amid news that President-elect, Donald Trump, is still against the merger of the company with Time Warner, down 0.4%. The S&P 500 gained 0.4%, to settle at 2,277.0. The DJIA rose 0.3%, to settle at 19,963.8, while the NASDAQ advanced 0.6%, to close at 5,521.1.

Europe Market Snapshot

Other European markets ended mostly higher on Friday, after the Euro-zone's business climate and economic sentiment indicator advanced more than expected in December. Baloise Holding edged up 0.2%, following an announcement that the company will acquire 70.0% stake of the real estate firm, Pax Anlage, and launched a public takeover offer for the remaining 30.0% of shares in free float. Bucking the trend, Deutsche Lufthansa declined 2.8%, after a leading broker downgraded its rating on the stock to 'Sell' from 'Neutral'. Sanofi dropped 2.0%, after the company and its partner Regeneron Pharmaceuticals lost a patent related case for its cholesterol drug, Praluent to Amgen. The FTSEurofirst 300 index dipped marginally, to close at 1,445.0. Among other European markets, the German DAX Xetra 30 rose 0.1%, to close at 11,599.0, while the French CAC-40 added 0.2%, to settle at 4,909.8.

Asia Market Snapshot

Markets in Asia are trading higher this morning, following the record high closing in the US stock markets on Friday. In Japan, markets are closed on account of a public holiday. In Hong Kong, oil heavyweights, Sinopec Oilfield Service and PetroChina have gained 0.7% and 2.8%, respectively. Gaming stocks, Sands China and Galaxy Entertainment Group have added 0.9% and 2.4%, respectively. In South Korea, index majors, LG Electronics and Samsung Electronics have advanced 0.6% and 2.9%, respectively. The Hang Seng index is trading marginally up at 22,511.9, while the Kospi index is trading 0.1% higher at 2,052.2. On Friday, the Nikkei 225 index slipped 0.3%, to close at 19,454.3.

Key Corporate Announcements Today

AGMs

Craven House Capital, Wey Education Plc

Interim Dividend Payment Date

3i Infrastructure, Hogg Robinson Group, Intermediate Capital Group, Telford Homes, Worldwide Healthcare Trust

Trading Announcements

International Consolidated Airlines, William Hill

Key Corporate Announcements for Tomorrow

AGMs

Focusrite, Carr's

EGMs

Hellenic Telecom Industries SA ADS, Brammer, Domino's Pizza

Interim Ex-Dividend Date

Banco Bilbao Vizcaya Argentaria SA

Interim Dividend Payment Date

D4t4 Solutions

Trading Announcements

Gocompare.com Group, boohoo.com, Carr's, Games Workshop, Just Eat, Nichols, Robert Walters, William Morrison, Tarsus Group, Topps Tiles, Big Yellow

Commodity, Currency and Fixed Income Snapshots

Crude Oil

At 0430GMT today, Brent Crude Oil one month futures contract is trading 0.37% or \$0.21 lower at \$56.89 per barrel. On Friday, the contract climbed 0.37% or \$0.21, to settle at \$57.10 per barrel. Meanwhile, Baker Hughes reported that US oil rigs rose by 4 to 529 in the last week.

Gold

At 0430GMT today, Gold futures contract is trading 0.11% or \$1.30 higher at \$1174.70 per ounce. On Friday, the contract declined 0.67% or \$7.90, to settle at \$1173.40 per ounce, as a broad strength in the greenback and gains in global equities dampened demand for the safe-haven metal.

Currency

At 0430GMT today, the EUR is trading marginally lower against the USD at \$1.0525, ahead of Germany's trade balance data and the Euro-zone's unemployment rate, both for November, due to release in a few hours. On Friday, the EUR weakened 0.69% versus the USD, to close at \$1.0530, after retail sales across the Euro-zone fell on a monthly basis in

November. Meanwhile, the Euro-zone's business climate and economic sentiment indicator rose more than anticipated in December.

At 0430GMT today, the GBP is trading 0.33% lower against the USD at \$1.2239, ahead of UK Halifax house prices for December, slated to release in some time. On Friday, the GBP declined 1.07% versus the USD, to close at \$1.2280. The US Dollar gained ground against its major peers, following robust data on average hourly wages in the US for December, which increased at its fastest pace since 2009.

Fixed Income

In the US, long term treasury prices fell and pushed yields higher, following robust report on average hourly earnings in the US for December which indicated an acceleration in the wage growth. On Friday, yield on 10-year notes jumped 5 basis points to 2.42%, while yield on 2-year notes climbed 5 basis points to 1.22%. Meanwhile, 30-year bond yield advanced 4 basis points to 3.00%.

Key Economic News

Euro-zone retail sales declined as expected in November

On a MoM basis, the seasonally adjusted retail sales in the Euro-zone fell 0.40% in November, meeting market expectations. In the prior month, retail sales had recorded a revised rise of 1.40%.

Euro-zone industrial confidence index climbed in December

The industrial confidence index in the Euro-zone climbed to 0.10 in December, compared to market expectations of an advance to -0.40. The industrial confidence index had recorded a level of -1.10 in the prior month.

Euro-zone business climate indicator climbed in December

The business climate indicator climbed to 0.79 in the Euro-zone, in December, higher than market expectations of a rise to a level of 0.47. In the prior month, the business climate indicator had recorded a revised reading of 0.41.

Euro-zone economic sentiment indicator advanced in December

The economic sentiment indicator climbed to 107.80 in the Euro-zone, in December, higher than market expectations of a rise to a level of 106.80. The economic sentiment indicator had recorded a revised reading of 106.60 in the previous month.

Euro-zone consumer confidence index recorded a rise in December

The final consumer confidence index registered a rise to -5.10 in December, in the Euro-zone, compared to a revised reading of -6.20 in the previous month. Markets were expecting the consumer confidence index to climb to a level of -5.10. The preliminary figures had also indicated a rise to -5.10.

Euro-zone services sentiment indicator advanced unexpectedly in December

In December, the services sentiment indicator in the Euro-zone advanced unexpectedly to a level of 12.90, compared to market expectations of a fall to 12.00. In the prior month, the services sentiment indicator had registered a revised reading of 12.20.

German factory orders advanced less than expected in November

In November, on a YoY basis, the non-seasonally adjusted factory orders rose 3.00% in Germany, compared to a rise of 6.30% in the prior month. Markets were anticipating factory orders to advance 3.60%.

German factory orders fell more than expected in November

On a monthly basis, the seasonally adjusted factory orders eased 2.50% in Germany, in November, more than market expectations for a drop of 2.40%. In the prior month, factory orders had registered a revised rise of 5.00%.

French current account deficit dropped in November

In November, current account deficit in France dropped to €2.30 billion, compared to a current account deficit of €3.50 billion in the previous month.

French trade deficit dropped in November

Trade deficit in France dropped to €4.38 billion in November, compared to a revised trade deficit of €5.15 billion in the prior month. Markets were expecting the nation to post a trade deficit of €4.80 billion.

Swiss foreign currency reserves eased surprisingly in December

Foreign currency reserves in Switzerland dropped unexpectedly to a level of CHF 645.30 billion in December, compared to a revised reading of CHF 647.80 billion in the previous month. Market expectation was for foreign currency reserves to rise to a level of CHF 649.00 billion.

Fed's Evans gave nod to three rate increases this year

The Chicago Federal Reserve (Fed) President, Charles Evans stated he has two rate increases pencilled in for 2017, but added that a forecast of three hikes is "not implausible".

Fed's Kaplan backed gradual pace of rate increases for 2017

The Dallas Fed President, Robert Kaplan supported a gradual and patient path for interest rate hikes in 2017, arguing that it was too early to know whether Trump's administration policies would boost economic growth. He stated that he was not ready to "pre-judge" changes in tax and spending policies in the incoming administration.

Private payrolls in the US recorded a rise in December

Private payrolls in the US registered a rise of 144.00 K in December, following a revised gain of 198.00 K in the previous month. Markets were expecting private payrolls to advance 170.00 K.

US unemployment rate recorded a rise in December

Unemployment rate recorded a rise to 4.70% in December, in the US, in line with market expectations. Unemployment rate had registered a level of 4.60% in the previous month.

Household employment in the US rose in December

Household employment recorded an increase of 63.00 K in the US, in December. Household employment had recorded an increase of 160.00 K in the previous month.

US trade deficit rose in November

Trade deficit in the US expanded to \$45.20 billion in November, following a revised trade deficit of \$42.40 billion in the previous month. Market anticipation was for the nation's trade deficit to rise to \$45.40 billion.

US average weekly hours of all employees remained flat in December

Average weekly hours of all employees remained steady at 34.30 in December, in the US, lower than market expectations of an advance to a level of 34.40.

US non-defence capital goods orders (ex aircraft) registered a rise in November

The final non-defence capital goods orders (ex aircraft) in the US registered a rise of 0.90% in November, on a monthly basis. The non-defence capital goods orders (ex aircraft) had climbed 0.20% in the prior month. The preliminary figures had also indicated an advance of 0.90%.

US average hourly earnings of all employees advanced more than expected in December

In December, on a monthly basis, average hourly earnings of all employees in the US rose 0.40%, compared to a drop of 0.10% in the previous month. Markets were anticipating average hourly earnings of all employees to climb 0.30%.

US average hourly earnings of all employees advanced more than expected in December

Average hourly earnings of all employees in the US recorded a rise of 2.90% on an annual basis in December, compared to a rise of 2.50% in the prior month. Market anticipation was for average hourly earnings of all employees to advance 2.80%.

US factory orders fell more than expected in November

Factory orders registered a drop of 2.40% in the US, on a monthly basis in November, higher than market expectations for a drop of 2.30%. In the previous month, factory orders had advanced by a revised 2.80%.

US underemployment rate declined in December

Underemployment rate eased to 9.20% in December, in the US. Underemployment rate had registered a level of 9.30% in the previous month.

Non-farm payrolls in the US recorded an increase in December

Non-farm payrolls in the US registered a rise of 156.00 K in December, lower than market expectations of an advance of 175.00 K. Non-farm payrolls had registered a revised increase of 204.00 K in the prior month.

US durable goods orders (ex transportation) rose more than expected in November

In November, the final durable goods orders (ex transportation) in the US advanced 0.60% on a MoM basis, compared to a revised advance of 0.90% in the prior month. Markets were expecting durable goods orders (ex transportation) to rise 0.20%. The preliminary figures had recorded a rise of 0.50%.

US durable goods orders declined less than expected in November

The final durable goods orders in the US recorded a drop of 4.50% in November on a monthly basis, lower than market expectations for a fall of 4.60%. The preliminary figures had indicated a fall of 4.60%. In the previous month, durable goods orders had registered a revised rise of 4.80%.

Manufacturing payrolls in the US rose surprisingly in December

Manufacturing payrolls in the US recorded an unexpected increase of 17.00 K in December, more than market expectations of a decline of 0.00 K. Manufacturing payrolls had registered a revised fall of 7.00 K in the prior month.

US non-defence capital goods shipments (ex aircraft) registered a rise in November

The final non-defence capital goods shipments (ex aircraft) in the US recorded a rise of 0.20% in November, on a monthly basis. In the prior month, the non-defence capital goods shipments (ex aircraft) had registered a revised drop of 0.30%. The preliminary figures had also indicated a rise of 0.20%.

Canadian Ivey PMI declined in December

The non-seasonally adjusted Ivey PMI in Canada fell to a level of 49.40 in December, compared to a level of 56.50 in the prior month.

Part time employment in Canada slid in December

In Canada, part time employment recorded a drop of 27.60 K in December, following an advance of 19.40 K in the previous month.

Number of full time employment in Canada recorded a rise in December

The number of full time employment recorded an increase of 81.30 K in Canada, in December, following a loss of 8.70 K in the prior month.

Canadian participation rate climbed surprisingly in December

In December, the participation rate rose unexpectedly to 65.80% in Canada, higher than market expectations of a steady reading. The participation rate had recorded a reading of 65.60% in the prior month.

Canada posted international merchandise trade surplus in November

The international merchandise trade surplus in Canada recorded a reading of C\$0.53 billion in November, from a revised international merchandise trade deficit of C\$1.02 billion in the previous month. Market expectation was for the nation's international merchandise trade deficit to rise to C\$1.60 billion.

Net number of people employed in Canada registered an unexpected increase in December

The net number of people employed in Canada climbed unexpectedly by 53.70 K in December, compared to an increase of 10.70 K in the prior month. Markets were anticipating the net number of people employed to decline 2.50 K.

Canadian Ivey PMI climbed in December

In Canada, the seasonally adjusted Ivey PMI recorded a rise to 60.80 in December. In the previous month, Ivey PMI had registered a reading of 56.80.

Canadian unemployment rate climbed in December

The unemployment rate rose to a level of 6.90% in Canada, in December, compared to a reading of 6.80% in the prior month. Markets were expecting the unemployment rate to rise to 6.90%.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)1202 770386 action@proactiveinvestors.com

No investment advice

Proactive Investors is a publisher and is not registered with or authorised by the Financial Conduct Authority (FCA). You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior columns and opinions we have published. These references may be selective, may reference only a portion of an column or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.