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Morning Market Pulse - The name's Equity, Raise Equity

Mike van Dulken and Artjom Hatsaturjants at Accendo Markets, commented to clients this morning:

FTSE 100 Index called to open +12pts at 7630, still trying to extend its rebound from 7500. Bulls need a break above 7650 to exit the current narrowing pattern, opening the door for further progress towards Aug/June 7795 highs. Bears require a breach of 7620 for a drop back towards shallower rising lows around 7570. **Watch levels: Bullish 7650, Bearish 7620**

Calls for a positive open come after another helpful lead-in from Wall St (and gains in Asia), where major indices made yet more record highs on expectations that Canada will join the US-Mexico trade deal to form a new NAFTA and that the stand-off with China may abate. A weaker GBP is also helping the FTSE as the USD trades up off its lows against a basket of peer currencies.

The decision by EU and UK Brexit negotiators to amend an already delayed end-Oct deadline for the final withdrawal deal (now mid-Nov) has inspired GBP weakness, flattering FTSE internationals. On the flip-side, USD strength and thus weaker commodity prices could hurt FTSE Energy & Mining shares, even if dual-listed Miners were positive in Australia overnight.

In corporate news this morning Aston Martin announces plans for London IPO with a 25% free float; prospectus expected 30 Sept. FT sources suggests it could be worth up to £5bn. CRH starts phase two of €1bn buyback, with another €350m to be bought by 19 Nov. Micro Focus announces share buyback, with initial tranche of up to \$200m to be bought by 24 Oct.

OFGEM says Centrica's British Gas has paid out £2.65m over invalid exit fees and overcharging. Ratings agency S&P downgrades Standard Life Aberdeen long-term rating to A- from A, believing the sale of its insurance operation will reduce its diversification and scale.

Petrofac H1 revenue -11% YoY, swings to net loss of \$17m, but +20% pre-expectationals. Trading in line with expectations. Provisionally awarded \$600m contract in Algeria. IQE H1 revenues +4% (wafers +5.4% despite 10% FX headwind), operating profit -28.6%, pre-tax profit -21.2%; Re-confirms consensus forecast range; issues new 2018, 2019 and 3-5yr guidance.

Diploma says it continued to trade robustly in H2; on-track to meet full year expectations; revenues +7% (reported and underlying), GBP headwind easing; FY operating margin to be similar to H1. James Fisher H1 revenue +12% YoY

(+11% organic) thanks to FX tailwinds, underlying pre-tax profit +20%, interim dividend +10%. Positive on H2 with significant working capital unwind.

Housebuilders may be sensitive to a Reuters report suggesting that a poll of more than 30 analysts see home prices in London forecast dropping in 2018-2019 by 1.6% this year and 0.1% next year, potentially by more in the case of a disorderly exit from the EU.

In focus today will be US GDP (1.30pm) with consensus expecting the preliminary reading for Q2 growth to be revised down a touch, to 4% QoQ from 4.1%, albeit still well above Q1's 2.2%. From an inflationary standpoint, the GDP Price Index is also expected to have slowed to 3% from 3.2% in Q1, albeit still vindicating the Fed's current cycle of policy normalising rate hikes.

In the afternoon, US Pending Home Sales (3pm) are forecast slower in July, showing the biggest annual drop in growth in 4 years (-6% vs -2.5% prev.). Hot on the heels of yesterday's evening's API Oil Report, which saw a very mild 38K build in crude oil stocks, EIA Oil Inventories (3:30pm) are still expected to deliver another drawdown, albeit much less than last week's sharp drop.

A few big names US companies are reporting this afternoon, including Samsonite, American Eagle and salesforce.com.

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