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Morning Market Pulse - Boris looking for fringe benefits?

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

FTSE 100 Index called to open -25pts at 7470, extending yesterday's breach of shallow rising support from Friday 21st. Bulls need a break above 7480 overnight highs if it is to break back above that trendline. Bears require a breach of 7460 to extend the declines. **Watch levels: Bullish 7480, Bearish 7460**

Calls for a negative open stem from another weak session in Asia (Japan higher, Australia down; China still on holiday) on the back of an unconvincing US close (Tech weak despite Tesla bounce) and even with oil prices pushing ever higher, Brent Crude now at a fresh 4yr high of \$85, which should support Energy names and Miners.

In corporate news this morning, hot on the heels of Ryanair's profits-warning yesterday, overnight news of the collapse of 15 year old Icelandic-owned/ Copenhagen-based transatlantic Primera Air may keep the airline sector under pressure.

Ryanair September traffic +11% (+6% ex-Lauda), impacted by strikes (400 flights cancelled); load factor unchanged at 97% (Lauda 93%). Wizz Air September passengers +17.5% YoY (passenger KMs +18.9%) on capacity +16%, load up 1.2pts to 94.1%.

Royal Dutch Shell gives green light to LNG Canada; 40% working interest; costs included within current annual US\$25-30bn guidance; construction starts immediately, first production before 2025. FTSE housebuilders should welcome better than expected UK Nationwide House Prices data.

Ferguson FY18 ongoing revenues +7.5% organic (+10% incl. FX), trading profit +15.3%, dividend +21%, debt +53; US strong, UK lower in challenging markets; first 8 weeks of new year in-line, though September slightly lower than August. FY19 organic revenues seen in-line.

Meggitt awarded 5yr \$323m contract by US Defence Logistics Agency for wheels, brakes and related spares for several defence platforms including jets and helicopters. Extendable by 5yrs. Tritax Big Box REIT agrees new £250m Senior unsecured banking facility. Sports Direct dismisses former Directors and Senior Management of House of Fraser following the latter's Aug collapse.

In focus today will be UK Construction PMI (9.30am) after yesterday's better than expected manufacturing print, with potential read-across for FTSE Housebuilders, which may also react to this morning's better than expected UK Nationwide House Prices data, as well as some of those big UK Outsourcing/Construction names.

Eurozone Producer Price (10am) inflation are expected cooler in August, which could dent EUR, while US ISM New York (2.45pm) could give another boost to stateside stocks already back pushing fresh highs amid much economic optimism, especially after that revamped NAFTA trade deal.

Speakers today include the Bank of England Chief Economist Haldane (9.45am) and Haskel (11.35am) both chairing panels, while the Fed's Quarles testifies to the Senate Banking Committee (3pm) and Fed Chair Powell speaks at a conference this evening (5pm).

More important to the FTSE though could be more soundbites/speeches from the Conservative Party Conference, especially regarding the likely Brexit path (deal, no deal, soft, hard, etc.) the UK may be set to take, with more big names speaking today before the PM's speech tomorrow. Is former Foreign Secretary Boris Johnson's own fringe speech today to represent a leadership challenge?

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