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## Morning Market Pulse - Bellway results ring mixed

FTSE 100 called to open +30pts at 7225, making an upside test of recent resistance to extend this week's bounce, reviving a 3-month rising channel towards 7500. Bulls will already be content with the bounce and breakout, but may await 7245 for confirmation. Bears need a reversal and breach of 7175 to put the uptrend in jeopardy. [Watch levels: Bullish 7245, Bearish 7175](#)

Calls for a positive open come courtesy of sentiment recovering in the US last night even if Asian markets are mixed (Japan in the red, China positive), after a sharp contraction in China Industrial Profits growth (-14% MoM Jan-Feb). This is not, however, hindering China-sensitive stocks, with FTSE Dual-listed Miners up 1-1.5% in Australia while HSBC and STAN are flat in Hong Kong.

Much of the positivity comes after China's Beige Book survey reported "an unmistakable Q1 recovery" in China, with strong economic growth compared to both the previous quarter and year, driven by faster pace of borrowing. This offsets some of the recent concerns about global slowing.

Oil prices are up, Brent trading close to 4-month highs, in spite of an unexpected build in US API crude oil inventories (+1.9m vs -1.1m est.). Unlike crude oil, however, stocks of gasoline and distillates fell much more than expected, pointing to demand for energy to fuel economic growth.

In corporate news this morning;

Imperial Brands sees FY net revenues "at, or above" 1-4% guidance, on-track for FY targets. Tobacco growth modest, H2 offsetting H1 declines, but vols slightly behind last year. Next gen products YoY growth strong despite US regulatory uncertainty. Expects H1 profits to be hit by divestments (incl. Logista stake reduction). Sees 2% FX profit tailwinds in H1, no full-year FX impact.

Bellway H1 revs +12.4%, op. profit +8.7%, interim div +5%, net asset value +15.7%, return on capital -1.1pts, operating cash flow +18%; Reservations +2.8%, Completions +5.6%, Avg sale price +6.5%, fwd sales value -2.5%, fwd sales vol +4.3%; expects further growth in completions, but depends on Spring selling season; ongoing cost pressure of 3%, Brexit threat to material supply but working to mitigate.

Sports Direct considering 5p/share offer for Debenhams valuing it at £61.4m, a 127% premium to yesterday's close. Pre-

conditional on: 1) Ashley taking CEO position; 2) termination of noteholder consent solicitation for refinancing; 3) no new third-party secured funding arrangements; 4) no administration, CVA or insolvency process.

AstraZeneca gets Japanese approval for Forxiga as an oral adjunct treatment to insulin for adults with type-1 diabetes. EU approval was granted 20 March. US decision expected in second half.

Shell has sold 40% of two Colombian offshore exploration contracts to Noble Energy, says Reuters.

Vodafone expands partnership programme to Movitel in Angola, providing strategic and operational support in a range of areas, including consumer marketing, technology, and business operations.

Note Carnival's US listing closed -8.7% last night, while the American Depositary Shares (ADS) of its UK listing closed -9.05%. After closing -8.5% here in London yesterday, could the shares find themselves under more pressure today after yesterday's profits warning, or are they primed for a bounce?

Evraz sells \$700m 5yr debt at 5.25% to refinance existing credit obligations.

Diploma H1 trading "robust" and in-line. Expects underlying revenues +5%, +10% at constant FX, of which 4% from acquisitions. Life Sciences revenues expected +5%, Seals +4%, Controls +8%.

In focus today:

Indicative votes by UK MPs have the goal of achieving consensus on the type of Brexit they will back (May's Deal, May's Deal with Customs Union, Norway or Canada option, No-deal, Second referendum, Revoke article 50, etc.). Prime Ministers Questions (12pm) is sure to be lively.

In terms of macro data, UK CBI Trends (11am), the US Balance of Trade (12.30pm) and US EIA Oil Inventories (2.30pm) are all we have to look forward to.

The ECB dominate the speakers line-up: President Draghi (8am; 'The ECB and Its Watchers XX'), Chief Economist Praet (8.45am; 'Next Steps in Policy Normalization'), Hakkarainen (9.30am; 'Central banking and banking supervision in today's financial markets'), Lautenschlager (10am; 'New challenges for cross border banking') De Guindos (10.45am; 'International Spillovers of Monetary Policy and Financial Stability Concerns' and Mersch (1.30pm: 'Challenges to Central Bank Independence'. The Fed's George (11pm) will talk about economic outlook and monetary policy

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