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RBS beats but Brexit uncertainty a worry

Markets Overview:

FTSE 100 called to open flat at 7435, holding yesterday's 7410 bounce. Bulls need a break above 7460 overnight highs to overcome the week's downtrend. Bears require a breach of 7430 overnight lows for another test of overnight lows. Watch levels: Bullish 7460, Bearish 7430.

Calls for a flat open come after a mixed session in Asia overnight (China still underperforming) following a mixed batch of US earnings reports and outlooks (Intel cuts forecasts; Amazon beats estimates). There may also be apprehension about the latest US GDP figures this afternoon. Oil has come off its highs amid USD strength and an easing in supply concerns while Gold is off its lows as equities come off their highs.

In corporate news this morning;

RBS Q1 operating profit £1B beats £900m est; attributable profit £707m beats £546m est. Core Tier 1 Ratio 16.2% vs 16.3% est (flat vs FY18, -20bp vs Q1 2018); Tangible NAV per share 288p vs 282p est; Net interest margin stable. On track to meet £300m cost reduction target. Guidance reiterated but Brexit uncertainty likely to make near term income growth more challenging.

Banks may also be sensitive to Deutsche Bank beating estimates for Q1, but warning on full year revenues and profits ("unfavourable environment"), just a day after it abandoned plans to merge with rival Commerzbank.

AstraZeneca Q1 revenues \$5.465B (+10%) beats £5.38B est; Core Operating profit \$1.65B (+84%) beats \$1.55B est; Reiterates FY 2019 guidance (assumes orderly Brexit).

Glencore under early stage investigation by US Commodity Futures Trading Commission ("CFTC") about violation of certain provisions through corrupt practices in connection with commodities. Similar scope to ongoing US Dept of Justice investigation.

Just Eat Q1 Group Revenues +28% YoY, Orders +21% YoY like-for-like (UK +7.4% impacted by competition/ warm weather/ Easter timing; Ex-UK growth +40%. Reiterates FY guidance.

Pearson Q1 underlying revenues +2% (US +2%, Core markets +4%, Growth markets flat); Net debt lower. On track for FY guidance and annualised cost savings of £330m.

WPP Q1 performance reflects client losses (Revenues +0.9%, like-for-like net sales -2.8%); Backs FY guidance. Sale of Kantar going well.

Ferrexpo auditor resigns with immediate effect. Company announcement in due course. Something to do with those charitable donations?

Hasting Group Q1 gross written premiums +4%, active policies +3%, net revenues -1%; Closely monitoring market premium rate dynamics and claims inflation; If current market premium and claims dynamics continue through rest of 2019, Group loss ratio likely at upper end of 75-79% target range.

Computacenter Q1 revenue and profitability up YoY on a like for like basis, above expectations; reiterates FY guidance;

challenging economic conditions not deterring customers.

In focus today:

Data of note today includes UK Mortgage Approvals (9.30am) which could have an impact on the Housebuilders. UK CBI Industrial Trades and Business Optimism (11am) could have a bearing on UK business in general after CBI Retail impressed yesterday.

The big number today, however, is US GDP (1.30pm). Expectations are for a cooling in the pace of growth, echoed by an inflation metric which will support the Fed pausing its rate hiking cycle.

Quarterly results season continues with numbers from US giants Chevron, Exxon-Mobil and Colgate Palmolive, before another heavy slate next from either side of the Atlantic.

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