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Morning Market Pulse - Whitbread having to accommodate weak UK

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

Markets Overview:

FTSE 100 called to open +10pts at 7452, holding yesterday's gains. Bulls need a break above 7465 to confirm a **bullish pennant pattern** that could push the index another 100pts north. Bears require a breach of 7440 for a retrace towards 7420. Watch levels: **Bullish 7465**, **Bearish 7440**

Calls for a solid start in London follow strong sessions in Asia and on Wall St boosted by a combination of hope surrounding a US-China trade resolution and more central bank stimulus and/or looser policy for longer.

Copper holding gains on trade hopes helped FTSE Miners in Australia overnight. Oil holding its gains, looking rather like the FTSE chart with a potential bullish pennant. Gold flat after pulling back from highs on risk appetite. GBP flat vs USD.

In corporate news this morning;

Whitbread Q1 UK like-for-like sales -3.7% (Accommodation -4.6%, Food & Beverage -2.1%). In-line with previous guidance; Weaker UK confidence continued in UK. German expansion on target.

Berkeley Group FY revenues +4.1%, gross profit -5.8%, operating profit -5.9% despite expenses -5.2%, pre-tax profit -20.7% (top of consensus), pre-tax return on equity 28% vs 42%; forward sales 18%, net cash +42%, NAV +19%, reiterates guidance of FY profits -30%.

Saga says trading broadly in line with expectations, with good early progress in launch of new insurance products, although Tour Operations impacted by current political uncertainties.

Acacia Mining strongly disagrees with Barrick views on situation in Tanzania and Acacia's mine plans. Surprised with circumstances and timing, which immediately followed Acacia's agreement to Barrick's request for an extension to the

put-up-or-shut-up deadline for a takeover offer.

CYBG to be renamed Virgin Money UK by end-2019; Affirms 2019 Guidance for <£950m underlying Costs; Targets Operating Costs <£780m by FY22; Targets circa £200m net cost savings by FY22; Forecasts progressive, sustainable dividend with 50% pay-out target over time.

AstraZeneca gets a trio of drugs approved in Japan (two respiratory, one cancer).

Mulberry swings to pre-tax loss in FY 2019 due to weak UK retail sector (revenues -2%); small profit when adjusted for exceptional costs. Div unchanged. Expects international and on-line to continue growing, UK remains uncertain.

S&P says top Global Miners face environmental and social risks; Failure of Vale's Brumadinho dam in Brazil in January highlighted the severity of these risks in mining sector.

Fitch cuts outlook on Kingfisher to Negative; affirms 'BBB' rating; reflects weak profitability and decreasing like-for-like sales in France over the next 2 years, impeding any meaningful improvement in profitability through FY21.

In focus today:

The main event before the US Federal Reserve delivers its latest policy update (7pm) under pressure from both the markets (and President Trump) to cut rates. What will Chair Powell say?

ECB President Draghi, the architect of yesterday's rally thanks to a more dovish slant, speaks again at 3pm, although we don't expect much more in terms of fireworks.

UK Inflation (9.30am) is forecast slightly tamer in May, although GBP is likely to find more influence from the Conservative Leadership race (down to five).

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