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Morning Market Pulse - Supermarket sweep-up?

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

Markets Overview:

FTSE 100 called to open -10pts at 7395, yet still in the midst of a bounce from intersecting rising support at 7360. Bulls need a break above 7400 in order to be able to challenge falling highs resistance at 7450. Bears require a breach of 7380 to put intersecting rising support at 7360 in jeopardy. Watch levels: **Bullish 7405**, **Bearish 7380**.

Calls for a muted open derive from apprehension about geopolitical and trade tensions (US-Iran, and US-China) ahead of this week's G20 meeting in Japan. Oil prices holding Friday's highs on Iran fears, Copper flat, Gold remains bid along with bonds, while GBP strength hampers the FTSE.

In corporate news this morning;

FTSE Supermarkets may be sensitive to France's Carrefour quitting China with a €1.4B deal to sell an 80% stake in its struggling business. Furthermore, Germany's Metro has rejected a €5.8B takeover approach (3% premium) from a Czech billionaire.

After the results of the Fed's Bank Stress tests, the US Central Bank is asking Deutsche Bank for more details about its Bad Bank proposals, concerned about the impact on its US operations.

Nostrum Oil & Gas starts strategic review to optimise value; to acquire 50% of Positive Invest, which owns subsoil rights to NW Kazakhstan Stepnoy Leopard licences (est 452mmboe; 200m contingent, >20% liquid) for \$500K, with right to buy remaining 50%, subject to 25yr contract extension, at \$0.27/barrel of proven/probable reserves.

Chemring announces completion of sale of military pyrotechnics business Chemring Defence UK (£11.8m revenues, EBIT £-0.7m) to PWD for a nominal cash consideration. Exit of remaining commoditised energetics business in Florida ongoing.

BA-owner IAG offers to repurchase its €500m of 0.25% Convertible Bonds due 2020.

In focus today:

The Chicago Fed National Activity Index (1.30pm) and Dallas Fed Manufacturing Index (3pm) are of interest today after Empire/NY (-ve) & Philly Fed (back to flat) both disappointed last week, with surprisingly big drops.

Watch out for Chicago, Dallas, Richmond (Tues) and Kansas (Thurs) this week. If also weak, it would surely be more ammunition for those hoping for a Fed rate cut, helping fuel risk appetite.

Other big events this week include the G20 meeting from Friday along with data such as US House Prices and Home Sales (New and Pending), US Durable Goods Orders, Chinese Industrial Profits, UK and US GDP and US inflation.

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