

Weekly News Round-up

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Stocks steady through festively intermittent trading, investors now seek stimulation

The FTSE 100 has largely held steady for the most part of the festively intermittent trading calendar, and as the majority of investors return next week the focus will likely be upon stimulus.

Specifically, investors will be hoping for more insight into ECB plans to boost economic activity – as hinted at this week by Mario Draghi.

The ECB president, in an interview with a German newspaper, raised hopes of new Euro stimulation and stated the Eurozone would not split, saying there is no 'plan B' for the currency union.

Draghi revealed the ECB is making technical preparations to adjust the "size, speed and compositions" of its monetary measures in early 2015.

Elsewhere, there is the expectation that lower fuel prices will equate to increased consumer spending, and that it will provide some much needed 'real world' stimulus.

On Friday, Lloyds (LON:LLOY) received a boost in the form of an upgrade from broker Investec, which has gone to 'buy' from 'hold' on the black horse bank.

It believes the threat posed by a potential government sale of shares is factored into the current price, which has fallen 12.5% in the past year. At the same time it could be the beneficiary of a sale of stock – namely Lloyds' holding in TSB, worth just under £700m.

"We think 2015 heralds lower conduct costs and greater predictability of (recovering) underlying earnings," said analyst Ian Gordon.

BG (LON:BG.) has revealed it has received a US\$350m debt repayment from the government of Egypt. It brings the total owed to the company to around US\$920m.

In November the country's oil ministry pledged to repay almost US\$5bn of debts accumulated over an uncertain three-year period after the fall of ousted autocrat Hosni Mubarak. The arrears began to accumulate before the revolt, but worsening state finances saw the debts mount while the government diverted gas earmarked for export to meet domestic demand.

It is hoped the repayments will help kick start oil and gas exploration and production in the country.

At the start of the week Royal Mail (LON:RMG) topped the FTSE leader board following the collapse of rival City Link. As the troubled courier fell into administration on Monday investors sent Royal Mail shares almost 5% higher, in anticipation of a significant boost to market share.

Natural resources moved steadily higher elsewhere.

Afren (LON:AFR) initially topped the FTSE 250 leader board early on Friday, with a short lived 9% rally, after it revealed a settlement deal with its former executive management.

Share Information

MarketTopic Synopsis:

The news roundups, which are broken down by the sector, provide investors with an opportunity to read a summary of the most interesting news of the past five days of trading in just one story as they prepare for another busy week.

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The Africa focussed oiler will receive just over US\$20mln from former CEO, Osman Shahenshah, and former COO, Shahid Ullah. Shahenshah and Ullah also granted a non-competition covenant in favour of Afren, while the company agreed to drop its legal case against the former bosses.

Victoria Oil & Gas (LON:VOG) shot up after the group unveiled a deal with ENEO Cameroon, the country's utility company, to supply gas to two power stations in Douala, Cameroon's largest city.

"We finalised this deal on (December) 23rd or 24th so this was a very good Christmas present," chairman Kevin Foo told Proactive Investors.

It is estimated the 30 megawatt Logbaba and 20 megawatt Bassa plants will require 10.1mln standard cubic feet of gas a day. The take-or-pay component is 90% during the dry season and 30% during the wet period.

So, on this basis Victoria (VOG) expects production to average 10.4mln cubic feet a day in 2015 with deliveries set to begin in the first quarter.

Another of the week's gainers was Quindell (LON:QPP), as the cash-hungry outsourcing group Quindell (LON:QPP) is in discussions to sell an operating division in order to raise some readies.

The insurance claims processor stated last month that cash generation remains a key focus of the group, and on the first trading day of 2015 it confirmed that initiatives to boost working capital continue to be pursued.

One of those initiatives saw a significant development on the last day of 2014 with the company entering into exclusive discussions with a third party over the possible sale of a Quindell operation division.

Mining juniors Orogen (LON:ORE) and Amadeo Resources (LON:AMED) advanced on Friday.

Meanwhile, the award of a commercial certificate for a new hydro-electric project in Peru sent Rurelec (LON:RUR) 13% higher.

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