

17:19 12 Aug 2019

FTSE 100 closes in the red as Hong Kong tensions reverberate around markets

- FTSE 100 closes down
- SSE defies the trend as Ovo homes in on SSE Energy Services
- Wall Street shares slide

5.20pm: Footsie closes in the red

FTSE 100 closed in the red at the start of the week as the unrest in Hong Kong sent ripples through markets.

The tensions have become increasingly violent since June this year when a movement began due to opposition to a bill allowing extradition to mainland China.

Pro-democracy protesters have today shut down the city's airport and clashed with police.

FTSE 100 closed down 27.13 points at 7,226.72, while FTSE 250 lost 179.15 to finish at 18,913.00.

On Wall Street, the Dow Jones Industrial Average plunged 240.81 to 26,046.43, while the S&P 500 lost 20.92 to 2,897.83.

"A mixture of the trade standoff with China, and the tense political situation in Hong Kong has promoted traders in the US to trim their equity positions," said analyst David Madden, at CMC Markets.

"The absence of any major economic announcements left traders looking at the international headlines, and they aren't particularly encouraging," he added.

"It is possible that President Trump will use the Hong Kong situation against Beijing when it comes to negotiations."

Top loser on Fotsie was NMC Health (LON: NMC), which shed 5.59% to 1,910p, while the top riser was consumer goods group Reckitt Benckiser (LON: RB), which gained 1.59% to 6,127p.

3.15pm: Fotsie off the pace

London's leading shares remain slightly off the pace after US benchmarks, as expected, opened sharply lower.

The FTSE 100 was down 28 points (0.4%) at 7,226, while in the US, the Dow Jones was down 208 points (0.8%) at 26,080 and the S&P was off 23.5 points (0.8%) at 2,895.

Utility company SSE PLC (LON:SSE) defied the trend in London, rising 1.0% to 1,105.5p after it confirmed it is in talks with Ovo Group over the sale of its SSE Energy Services business.

FTSE 250 shipping services provider Clarkson PLC (LON:CKN) found the market hard to please with its interim results.

The company saw profit before tax increase to £20.1m from £19.2m the year before but the shares fell back 5.9% to

Price: 1376

Market Cap: £35.79 billion

1 Year Share Price Graph



Share Information

Code: PRU

Listing: LSE

52 week High Low
1532.78 1109.67

Sector: Financial Services

Website: www.prudential.com

Company Synopsis:

Prudential Financial companies serve individual and institutional customers worldwide and include The Prudential Insurance Company of America, one of the largest life insurance companies in the U. S.

action@proactiveinvestors.com

2,375p.

Liberum stuck with its 'buy' recommendation and 3,200p target price but trimmed its forecasts for 2020 and 2021 by 4% on a more conservative outlook for the group's financial division.

2.00pm: US markets set to open lower

The FTSE 100 traded sideways over the lunchtime session, ahead of what is expected to be a weak start on Wall Street.

London's index of heavyweight shares was down 28 points (0.4%) at 7,226.

Across the pond, if spread betting quotes are to be believed, the Dow Jones will open some 142 points lower at around 26,145 while the S&P 500 is tipped to start 15 points lower at around 2,903.6.

On AIM, Burford Capital Limited (LON:BUR) remains under fire, down 8.4% at 778.5p after another US investor, Gotham Capital, criticised the company.

READ Burford Capital adamant last week's share price plunge was down to 'illegal market manipulation'

Burford has already got the right hump with notorious US short-seller Muddy Waters, which has accused Burford of "Enron-esque mark-to-model accounting" and "egregiously misrepresenting" its returns.

Gotham Capital has pitched in, saying Burford has enjoyed a false valuation and that short-sellers should be congratulated on bringing this to light.

"Litigation assets — whose associated cash flows' size and timing are notoriously unpredictable — should not be financed with debt. This poses a real risk of an eventual asset/liability mismatch nightmare," Gotham said.

12.30pm: Hong Kong stand-off hits markets

Losses have lengthened as investors get increasingly antsy about developments in Hong Kong.

The FTSE 100 was down 32 points (0.4%) at 7,221, some 11 points above its low point for the day.

"Events in Hong Kong threaten to overshadow equity markets on Monday. Reports that authorities have closed the airport in Hong Kong sent markets lower after what had been a positive open in Europe," reported Neil Wilson.

"We're also heard reports that armed police are gathering in Shenzhen, the mainland China city that borders Hong Kong.

"We don't know what happens next - there is no sign that protestors are about to back down and the authorities are only hardening their stance. Hong Kong has kind of been under the radar of most traders (unless you're into the Hang Seng) but increasingly I feel like that this has the potential to spiral into a bigger market worry. Today's moves highlight the risks," Wilson declared.

NMC Health plc (LON:NMC) seems to be getting unwelcome attention from short-sellers again.

Shares in the Persian Gulf-focused private healthcare operator were the biggest blue-chip fallers, down 4.1% at 1,940p. Last week, the company felt obliged to put out a statement after a share price wobble saying that it was trading in line.

More than 4.5% of the company's shares have been sold short (the practice of borrowing shares and selling them in the hope of being able to buy them back later), which is up from about 3% three months ago.

Fashion firm Burberry Group PLC (LON:BRBY) was down 2.4% at 2,163p after it emerged that its head of marketing in the US is to quit the business after almost ten years.

10.50am: London's leading stocks mixed to lower

The Footsie continues to dance to sterling's tune, albeit in counterpoint.

Sterling has risen by two-fifths of a cent against the US dollar to US\$1.2069 but this has resulted in investors turning their back on London's blue chips with the result that the FTSE 100 is down 11 points (0.1%) at 7,243.

Heavily-followed fertiliser mine developer Sirius Minerals PLC (LON:SXX) was deep in the you-know-what again after Eurochem, a privately owned fertiliser company, expressed scepticism over the Woodsmith mine project.

Sirius is hoping to be cranking out 10mln tonnes of polyhalite a year by 2024 but Eurochem thinks it will take much longer than that to get up and running plus it is not entirely sure the market for polyhalite is as strong as Sirius hopes.

According to The Times newspaper, Sirius said that the criticism from a competitor gave it "even greater confidence that we are on the right path" but the shares nevertheless tumbled 7.5% to 8.57p this morning.

The timetable that Sirius Minerals has set itself for building a giant fertiliser mine under the North York Moors looks "almost impossible", according to an established industry player. #SXX <https://t.co/q7yclpNxPB>

— David Burton (@DavidBurton1971) August 12, 2019

9.55am: Pound recovers; Footsie fades

After a bright start, London's index of leading shares has surrendered its gains after sterling rallied on foreign exchange markets.

The FTSE 100 index was down 5 points (0.1%) at 7,249 as the pound battled back to US\$1.2061, up a third of a cent against the greenback.

"After two weeks of losses, markets in Europe have opened higher this morning despite the Chinese central bank fixing the Chinese yuan above the 7 level for third day in succession. While the direction of travel is clear and that the yuan is likely to weaken further, it would appear that as long as the decline happens gradually, markets are more likely to be comfortable with it," opined Michael Hewson, the chief market analyst at CMC Markets.

Mining and banking stocks generally failed to participate in the advance; among the latter, Royal Bank of Scotland PLC (LON:RBS) was off 0.7% at 203.2p after reports that it has lined up Alison Rose, the deputy chief executive officer (CEO) of its Nat West business, as its new CEO.

While the FTSE 100 has turned south, the mid-cap FTSE 250 remains positive, up 24 points (0.1%) at 19,116, despite another bad day for Sirius Minerals PLC (LON:SXX), which is down 13% at 8.08p on fund-raising concerns.

The index has been buoyed by a 17.4% rise for Tullow Oil plc (LON:TLW) after the announcement of a major new oil discovery in the Orinduik block offshore Guyana.

Tullow Guyana BV is the operator of the Orinduik block with a 60% stake; Eco Atlantic Oil & Gas Ltd (LON:ECO, CVE:EOG) has a 15% stake and saw its shares shoot up 91% to 130p on the news.

Eco are delighted to announce a significant oil discovery on the Orinduik Block. The Jethro-1 well was drilled to a final depth of 4400m and encountered 55m of net high-quality oil pay in excellent sandstone reservoirs. ??

[https://t.co/exgKq0AJEZ#ECO #EOG #Oil #Discovery](https://t.co/exgKq0AJEZ#ECO#EOG#Oil#Discovery)

— Eco Atlantic Oil & Gas (@EcoAtlantic_OG) August 12, 2019 8.25am: Ailing pound gives the Footsie a lift
As predicted, the FTSE 100 got off to a strong start, rising 43 points to 7,297.23.

The index of UK blue-chips took its cue from Asia's main markets, which made headway while largely ignoring the trade

sabre-rattling on Friday by Donald Trump.

The main early action, however, was on the foreign exchange markets with pound languishing amid fears Britain may be headed towards recession. Earlier, sterling bumped as low as US\$1.2010.

"The combination of a slowing economy, global economic weakness, the increasing chance of a cut to interest rates and the risk of a no-deal Brexit will continue to anchor sterling," said Neil Wilson, an analyst at Markets.com.

"No-deal talk is the biggest concern - remove that and we get a big bounce even with the economic and monetary risks."

Turning to the market, Thomas Cook (LON:TCG) gave up its recent gains after it said it planned to tap investors for £150m, prompting a 24% collapse in the share price.

SSE (LON:SSE), by contrast, advanced 9.4% after it confirmed talks to sell its household energy business to Ovo (LON:OVO).

However, the day's big mover was Eco Atlantic (LON:ECO, CVE:EOG), which announced it had made a significant oil discovery off the coast of Guyana. The shares shot up 80% in opening trade.

6:20am: FTSE 100 set to make strong start

The FTSE 100 looks set for a strong start, taking its cue from Asia's main markets, which kicked off the week in confident fashion.

The index of blue-chips is expected to advance 43 points to 7,296.85, though trade concerns look likely to linger.

"On Friday, President Trump set US-China relations back even further by claiming that he 'won't do business with Huawei' and he suggested that the planned trade meeting for September, might not take place," said David Madden of CMC Markets.

"Previously, the US promised to loosen the restrictions on the Chinese tech giant, and he appears to have done a U-turn. Technology, national security, and intellectual property rights are an important component of the trade negotiations, so this is likely to hold up the prospect of a deal."

Overnight haven stocks were in demand. Gold, however, dipped back under the US\$1,500-mark.

Here in the UK, the corporate news looks set to slow to a trickle with London headed into the summer lull.

Later this week Prudential (LON:PRU) will update on its split plans. Updates from bookmaker GVC (LON:GVC) and insurer Admiral (LON:ADM) are also expected.

Around the markets: Pound worth US\$1.2036 (flat); Bitcoin US\$11,450.93 (0.55%); Brent crude US\$58.40, up 20 cents

Today's major announcements

Interims: Valeura Energy PLC (LON:VLU), Cablevision Ho. PLC (LON:CVH), Grupo CLS (LON:GCLA)

Proactive news headlines

Circassia Pharmaceuticals PLC (LON:CIR) has hired one of Pfizer's top executives to become its first chief operating officer. Jonathan Emms, who has held a number of senior positions at both Pfizer and GlaxoSmithKline PLC (LON:GSK), will join the respiratory drug specialist next month.

Thor Mining PLC (LON:THR)(ASX:THR) has received further assay results from the second metallurgical bulk sample drill hole at the company's wholly-owned Molyhil tungsten molybdenum deposit in the Northern Territory of Australia.

Quadris Fuels International PLC (LON:QFI) has signed an agreement with a European oil refiner to develop a potential project for its MSAR synthetic fuel oil.

Bluejay Mining PLC (LON:JAY) has received an export permit from the government of Greenland for the shipment of the 40,000 tonnes of run of mine bulk sample material from the Dundas ilmenite project to be processed at the company's pilot processing plant in Quebec, Canada.

Benchmark Holdings PLC (LON:BMK) is hopeful that a string of prospective licensing deals for its non-core animal vaccines will help to offset "challenging" conditions in the shrimp and seabass/ bream markets.

Angling Direct PLC (LON:ANG) sales continued to rise in the first half of its current year, while the fishing tackle retailer also unveiled a new store in Leeds as part of its expansion plans.

OptiBiotix Health PLC (LON:OPTI) continues to see commercial traction for its functional food technology. In the latest of a series of similar deals, the company said it had signed an exclusive manufacturing, supply and distribution agreement with Brisbane-based dairy supplier Maxum Foods for its SlimBiome weight management product.

Shanta Gold Ltd (LON:SHG) has booked revenues of US\$53.6m during the first half 2019 on the production of 42,230 ounces of gold from its New Luika mine in Tanzania.

Eco Atlantic Oil & Gas Ltd (LON:ECO, CVE:EOG) has announced a major new oil discovery in the Orinduik block offshore Guyana.

The investment firm Tekcapital PLC (LON:TEK) said one of its portfolio companies has filed for an additional patent to protect its low-sodium salt.

Kodal Minerals PLC (LON:KOD) says it is seeking clarification over the status of £200,000 expected from stockbroker SVS Securities. The money was part of a £575,000 funding in July and due to be transferred today, but SVS went into administration last week.

Amphion Innovations PLC (LON:AMP) has sold 100,000 shares in lung scanning device maker Polarean Imaging PLC (LON:POLX) to reduce its outstanding debts. Following the sale, Amphion holds a 15.97% stake in Polarean.

Katoro Gold Plc (LON:KAT) has appointed SI Capital Ltd as broker with immediate effect as it looks to advance its projects in Tanzania. "As mentioned recently, we are actively looking to increase the current combined JORC compliant gold resource at Imweru while continuing to develop Haneti in tandem with AIM listed Power Metal Resources plc, who are farming into this highly prospective project," said chief executive Louis Coetzee. "I am bullish about the commodity basket that Katoro offers and I look forward to updating the market on further news as we advance the portfolio up the value chain."

Oracle Power PLC (LON:ORCP) has raised £500,000 through a share placing to pay off debt. The placing will be issued with one warrant for each share. Brandon Hill Capital Limited has agreed to take a 22.53% stake in the firm as part of the placing.

Mosman Oil & Gas Ltd (LON:MSMN) said drilling at the Stanley 3 well in Texas has been completed on time and on budget after reaching a target depth of 5,100 feet.

Business Headlines **Financial Times**

- Investment bank job cuts near 30,000 as outlook sours
- King's Cross using facial recognition in security cameras
- UK's 15 biggest mortgage lenders hit by price war
- Business travellers face no-deal Brexit upheaval
- MPs unable to stop no-deal Brexit, says think-tank

Times

- Gotham City joins activist attack on Burford
- RBS's woman boss faces £250,000 cut
- Sports Direct's move upmarket 'will take us four years'
- French winemakers hit by Trump's sour grapes
- Rival pours cold water on Sirius plan

Daily Telegraph

- 'Ludicrous' pay for Simon Lewis, ex-aide to Gordon Brown and City lobbyist, under fire
- Standard Chartered launches investor charm offensive after row over chief executive's pay
- The FTSE 100 bosses' bloated pay packages - and why attempts to curb them have failed

Guardian

- Government launches power cut inquiry - National Grid must urgently review cause of 'enormous' disruption, says minister
- Asda signs up its fridges to keep the UK warm this winter

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.