MITIE Group PLC

17:13 13 Aug 2019

FTSE 100 ends in positive territory as news on China-US trade boosts markets

- FTSE 100 closes higher
- Mood changes after reported progress in the US-China trade war
- Big cap miners wanted

FTSE 100 closed the day higher and US shares headed north too as tensions eased over US/ China trade.

Britain's blue-chip index clocked off 24.18 points higher at 7,250.90. The mid-cap index FTSE 250 also rose - up 95.18 to 19,008.18.

It emerged that the new tariffs on Chinese imports, which had been set to be imposed at the beginning of September will be delayed or in some cases scrapped.

"Stocks have been subdued recently, and US-China trade tensions have been a major factor, and now the mood has lightened, and that has acted as a green light to the bulls. Electronics, footwear and clothing are some of the goods that will not be levied with tariffs next month, and Apple is one of the biggest gainers on the back of the news," noted analyst at London-based CMC Markets David Madden.

Apple (NASDAQ: AAPL) shares surged 4% to US$208.54 in New York.

In London, the big diggers were wanted in the wake of the improved sentiment surrounding trade.

Anglo American (LON:AAL) was the top gainer on Footsie, jumping up 2.58% to 1,864p.

3.15pm: Footsie rises
What a difference a breaking news report makes … shares are now on the front foot on reports of progress in trade talks between the US and China.

The FTSE 100 was up 19 points (0.3%) at 7,243 while in the US, the Dow Jones was 381 points (1.5%) higher at 26,285 and the S&P 500 was 40 points (1.4%) at 2,923.

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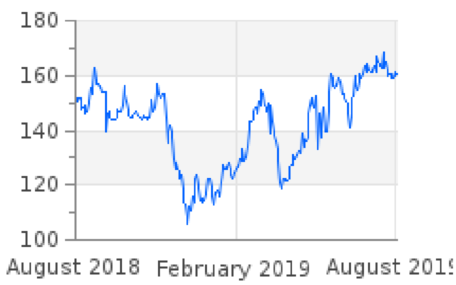
Stocks pop as China confirms trade talks with U.S. within two weeks https://t.co/5QWCp7WQXj

— kyookine (@kyookine) August 13, 2019
"China Vice Premier Liu He spoke by phone with US Trade representative Lighthizer and after agreeing to talk again in two weeks the US announced that some consumer facing goods would be exempt until December 15," reported Alfonso Esparza at Oanda.

Price: 160.9p

Market Cap: £59611400000M

1 Year Share Price Graph



Share Information

Code:		MTO
Listing:		LSE
52 week	**High**	**Low**
	170.10p	**105.80p**

Sector:

Website: **www.mitie.co.uk**

Company Synopsis:
MITIE Group PLC is a holding company. The Company, through its subsidiary, is engaged in the provision of services in support of the buildings and infrastructure. It is organized in three divisions: facilities services, property services and engineering services.

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"The 10 percent increase still remains for articles published on the list on May 17, which will take effect on September 1," he added.

2.15pm: US stocks tipped to open lower
US stocks were expected to open lower on Tuesday, joining the global trend.

Spread betting quotes point to the Dow Jones opening around 60 points lower at 25,838 and the S&P 500 opening its account at around 2,877, down six points.

Wall Street sees risk of recession rising https://t.co/VizvyiNa2m

— Marie Boyd (@MarieBo02802331) August 13, 2019
Back in Blighty, the FTSE 100 index was off the bottom but down 46 points (0.6%) at 7,181.

1.30pm: Bears find no shortage of things to worry about
Equity bears are finding no shortage of things to worry about; you can take your pick from events in Hong Kong, Italy, Argentina and Germany.

Meanwhile, concerns that have been with us for a long while - Brexit and US-China trade tensions, for instance - continue to linger like the aroma of an egg sandwich consumed in a lift.

The FTSE 100 was down 33 points (0.5%) at 7,194.

Burford Capital Limited (LON:BUR) shareholders have certainly had no shortage of things to worry about recently, with US short-sellers lining up to bad-mouth the company's valuation and accounting practices but they had something to cheer today as the company's chief investment officer (CIO), Jonathan Molot, topped up his stake once again, buying 250,000 shares at a price of 765p per share.

The latest round of purchases, which saw Molot's stake rise to 4.34% of the issued share capital of the litigation funder, cost the CIO a cool £1.9mln; then again, the reported average annual remuneration at the company is US$415k, so he can probably afford it.

Shares in Burford, which were trading as high as 1,501p at the end of last month, rallied to 791p, up 4.8%.

A pre-closed period update from Essensys (LON:ESYS), the provider of cloud services to the rented office sector, sent the shares 6.7% higher to 175p.

The company revealed revenue in the year just ended was ahead of market expectations at £20.5mln.

11.00am: Attempted rally fizzles out
The small rally that followed the release of the jobs and earnings data has petered out and the Footsie has dipped below 7,200.

London's index of big-cap shares was down 39 points (0.5%) at 7,188 - its lowest point of the day.

"Stocks are in the red as a series of factors continue to weigh on global sentiment. The US-China trade stand-off, aggressive easing from some central banks, worries about a no-deal Brexit, chatter that Germany is heading towards a recession, political uncertainty in Italy, the financial meltdown in Argentina, and the tensions in Hong Kong are all contributing to the poor economic climate," said David Madden, a market analyst at CMC Markets.

"Every corner of the global has negative news hanging over it, and that is why traders are trimming their equity positions," he added for good measure.

One thing he did not mention was the UK labour market report, which in the opinion of Samuel Tombs, the chief UK economist at Pantheon Macroeconomics, undermined the case for an interest rate cut.

"The headline, three-month average, unemployment rate rose to 3.9% in June, from 3.8% in March, above the no-change consensus but the headline rate of year-over-year growth in average weekly wages, including bonuses, increased to 3.7% in June, from 3.4% in May, matching the consensus," Tombs reported.

"Note that the annualised rate of three-month-on-three-month growth in wages—cited by the MPC to support past increases in Bank Rate—leapt to 4.8% in June, from 3.9% in May. So in the event that Brexit is delayed further—still our base case—or an agreement is reached in October and the economy starts to rebuild a little momentum, the MPC will need to move in short order to raise Bank Rate again," Tombs added.

Pawel Adrjan, the UK economist at the global job site Indeed, probably overdosed on the first weekend of the Premiership football season, as he described the snapshot of the UK labour market as "very much a tale of two halves".

"Unemployment has risen, but for those in work, pay packets are swelling nicely - average wages are rising at their fastest level for more than a decade.

"The increase in unemployment is a case of economic gravity finally reasserting itself as Britain's job creation boom slows.

"The total number of vacancies continues to slide further from the peak it reached at the start of the year, suggesting more employers are holding off on hiring," Adrjan suggested.

"This is far from a perfect jobs report. Employer caution is limiting the supply of new vacancies, yet stiff competition for recruits is still driving up wages. Given the wider slowdown in the economy, the labour market is holding up surprisingly well but continued falls in vacancies suggest employers are mindful of the broader economic and political risks on the horizon," he added.

"From the UK employment set, there was good and bad news. The good bit was that the UK employment rate rose to a joint record 76.1% but the bad bit was that the unemployment rate rose to 3.9%.

— Shaun Richards (@notayesmansecon) August 13, 2019
In broker news, expensive cars maker Aston Martin Lagonda Global Holdings PLC (LON:AML) crunched into reverse after Credit Suisse lost faith in the stock and downgraded to 'neutral' from 'outperform'.

9:50am: Jobs and earnings data is a mixed bag
The FTSE 100 perked up for a spell following the release of data that showed wages are rising at the fastest rate since the credit crunch.

The UK employment rate for April to June was estimated at 76.1%, the joint-highest on record since comparable records began in 1971, the Office for National Statistics (ONS) reported.

The UK unemployment rate was estimated at 3.9%, up from 3.8% in the previous quarter but down from 4.0% in the corresponding quarter of last year.

Estimated annual growth in average weekly earnings for employees in Great Britain increased to 3.7% for total pay (including bonuses) and 3.9% for regular pay (excluding bonuses).

In real terms (after adjusting for inflation), total pay is estimated to have increased by 1.8% compared with a year earlier, and regular pay is estimated to have increased by 1.9%.

"Employment continues to increase, with three-quarters of this year's growth being due to more women working; however, the number of vacancies has been falling for six months, with fewer now than there were this time last year," said Matt Hughes, the deputy head of labour market statistics at the ONS.

"Excluding bonuses, real wages are growing at their fastest in nearly four years, but pay levels still have not returned to their pre-downturn peak."

- UK ILO Unemployment Rate Jun: 3.9%(est 3.8%, prev 3.8%)
- Employment Change Jun: 115K(est 65K, prev 28K)
- Avg Wk Earnings 3M (Y/Y) Jun: 3.7%(est 3.7%, prevR 3.5%)
- Avg Earnings (Ex-Bonus) Jun: 3.9%(est 3.8%, prev 3.6%)

— LiveSquawk (@LiveSquawk) August 13, 2019
The FTSE 100 was down 14 points (0.2%) at 7,212.

9.25am: Footsie moderately lower ahead of the jobless data
European indices are lower, with London's Footsie the least bad of the bunch, as investors have no shortage of reasons to be fearful.

The FTSE 100 was down 23 points (0.3%) at 7,204, ahead of the release of the jobless figures, due at 9.30am.

"It's shaping up to be another rocky session on Tuesday, with political chaos once again driving the headlines as Argentina once again finds itself in a sticky situation," said Craig Erlam at Oanda.

"Unfortunately, we can't blame the Argentinian political situation for the sea of red we're seeing globally as investors continue to fret about the global slowdown and impact of the trade war. It's been a tough summer already and it may get tougher yet, with there being little for investors to cheer about," he added.

Package tours operator TUI AG (LON:TUI) was a bright spot, rising 3.0% to 835p following its fiscal third-quarter results.

"Set against a raft of challenges, TUI is making valiant efforts to regain its previous growth," said Richard Hunter, the head of markets at interactive investor.

"A change in consumer behaviour following last summer's heatwave has, in part, led to overcapacity in Spain, while inevitably there has also been something of a retrenchment given uncertainty around the UK's European exit. Pricing and margin pressure remains intense within the industry and shows no sign of abating, while the net debt figure has spiked sharply higher, partly due to acquisitions; however, the chief culprit to a decline in quarterly profit of 85% - and with a likely significant impact for the full year - has been the forced grounding of its Boeing 737 fleet, to which there is no resolution currently in sight," Hunter noted.

"The company had previously guided that the overall cost was likely to be in the region of 300 million euros and has booked around half of that number so far. Unfortunately, these costs, including the leasing of replacement aircraft, could drag on for some time, which will put further pressure on profitability," he added.

"TUI AG continues to blame Brexit and 2018 heatwave as third-quarter earnings halve" https://t.co/hS7jzIos88 "TUI AG continues to blame Brexit and 2018 heatwave as third-quarter earnings halve" https://t.co/hS7jzIos88

— AIDAN TURNER (@AIDANTURNER4) August 13, 2019 8.45am: FTSE 100 bearing up comparatively well
The FTSE 100 escaped the worst of the backwash for Wall Street and Asia's main markets to open just 17 points lower at 7,209.78.

Equity traders are in what's called 'risk-off mode', which means they are reluctant to plough more cash into shares and in some cases are actively taking money off the table (that's another phrase you may hear in coming weeks).

By why? Well, there's the well-documented US-China trade war and, closer to home, Brexit is a perennial theme. But just lately Italy has been thrown into a state of political turmoil (not unusual), there are protests in Hong Kong and Iran's pariah status is still a problem.

And, just to add to the mix, Argentina's stock market lost 48% of its value in the wake of Mauricio Macri's stunning rout in the primary elections there.

The worry is one of South America's leading economies may be on the verge of a financial meltdown.

Neil Wilson, of Markets.com, referred to a "smorgasbord" of issues dominating market sentiment.

The Dow fell almost 390 points, while Nikkei was off 230 and the Hang Seng closed 520 points lower.

"Equity indices have taken fright on a mix of factors, but chiefly I would say for the US at least it is the persistent damage being done to the global economy from trade disputes," said Wilson.

"Overnight Singapore cut its growth estimates for the year drastically because of US-China trade strife and a slowdown in the global electronics cycle, which has traders worried about the read-across for other Asian economies."

Here at home, monthly employment data could further shape sentiment in London.

On a brighter note, TUI led the risers as its latest update was assessed by the market as being better than feared. The shares nudged 3.2% higher.

6.30am: Flat start predicted
The FTSE 100 is tipped to flatten off on Tuesday ahead of domestic jobs data later in the morning.

London's blue-chip stock index is seen starting flat at 7,237.5, according to spread-betters in the City, as the feeble pound provides support, offsetting the dire sentiment that led to sizeable falls in Wall Street and in Asia.

Overnight, the Dow Jones dropped 1.5% to 25,897.71 and the S&P 500 and Nasdaq were both off 1.2%.

Asian stocks are in the red this morning, with the Nikkei down 1.2%, the Hang Seng 1.7% lower and the Shanghai Composite losing 0.7%.

In recent years, investors have absorbed the various market headwinds that have come their way and each time they have bought the dips in equity markets, but signs are changing, says market analyst Michael Hewson at CMC Markets.

"In recent weeks this resilience has started to be tested in ways that are slowly becoming apparent in other asset classes, with flows into safe havens showing signs of gathering pace.

"The rise in gold prices to record highs against a host of different currencies, with the exception of the US dollar, as well as the sharp collapse in bond yields is raising concerns that stock markets may well be about to take a sharp trip back to the lows last seen at the end of last year.

"On their own, concerns about US, China trade, slowing growth, and the risk of recession in Europe's biggest economy, Brexit, the possibility of Italian elections, unrest in Hong Kong, as well as a crisis in Argentina, and tensions in the Arabian Gulf might be containable.

"Taken together in the round as a cocktail of risks against a backdrop of central banks almost out of ammunition and you have a recipe for a lot of nervous investors."

UK employment and wages in focus
Following dismal UK economic data for the second quarter, attention will later be turning to the latest set of jobs figures.

Between March to May, the unemployment rate held at the lowest level since 1974 and average weekly earnings excluding bonuses grew the most since mid-2008.

However, there were signs of weakness in jobs growth as employers exercised caution amid Brexit uncertainty. Employment rose by 28,000 to 32.749mln - the weakest increase since the three months to August last year.

RBC Capital Markets said last month's increase in employment appeared largely due to part-time self-employment.

"However, while we might question its quality, employment growth remains positive, and we expect another increase in headline employment this month to keep the unemployment rate below 4% for what would be a sixth consecutive month," it said.

"However, the bigger feature of this month is likely to be a further pick-up in wage growth.

"We look for regular pay (i.e., excluding bonuses) to pick up to 3.8% 3M/yr, pushing wage growth to a level last seen in May 2008."

H&T Group expansion expected to boost results
Among the sprinkling of company news, H&T Group, the UK's leading pawnbroker, is due to publish interim results on Tuesday.

Last month the group said it was snapping up 65 stores, including 29 pledge books from competitor The Money Shop for an initial consideration of around £10.6mln.

H&T raised £6mln to finance the deal, which it expects to enhance earnings in the first full year of ownership and is a "rare and significant" opportunity to acquire a complementary portfolio of stores that have an almost identical product offering to its existing estate.

Chief executive John Nichols said that trading results in the year to date have been in line with the board's expectations.

Debt key for Mears
Social housing and asylum accommodation provider Mears will be looking to make good on its June trading update, which forecast a slight reduction in its net debt at its interim results on Tuesday.

There could also be an update on the integration of several business assets that Mears acquired from the property maintenance arm of facilities manager Mitie Group PLC (LON:MTO) in November, with the process scheduled to complete next month.

Major announcements due on Tuesday, August 13:
Interims: Caledonia Mines PLC (LON:CMCL), CLS Holdings PLC (LON:CLI), Ifg PLC (LON:IFG), Marshall Motor Holdings PLC (LON:MMH), Mears PLC (LON:MER), John Menzies PLC (LON:MNZS), Plus500 PLC (LON:PLUS), H&T GROUP PLC(LON:HAT)

Trading updates: Ethernity Net PLC (LON:ENET), Volution Group PLC (LON:FAN)

Economic data: UK jobs, US CPI

Business headlines Bets against the pound have hit their highest level in more than two years as hedge funds, investors and other speculators lose confidence in the government's ability to negotiate a Brexit deal. - The Times
The United States will enthusiastically back a no-deal Brexit and work with Britain immediately on sector-by-sector trade

agreements, President Trump's national security adviser said yesterday. - The Times

Flights resumed at Hong Kong airport on Tuesday morning after anti-government protests forced the closure of the international hub the previous day and as leaders of Canada and Australia called for a de-escalation of tensions in the city. - FT

Argentina's President Mauricio Macri has put financial market fears of a return to a populist Peronist government at the heart of his campaign to claw back support before elections in October, as a slump in the value of the peso threatened to wreck the country's ability to avoid a debt default - FT

The financial watchdog is looking into last week's "bear attack" on litigation funder Burford Capital by US short-seller Muddy Waters. - Telegraph

Hedge funds have taken record short positions in the debt and equity of Aston Martin, betting that the luxury carmaker will continue to struggle after one of the most disastrous stock market debuts of recent years. - FT

Surging wages and bumper tax bills are killing the high street, threatening jobs and crushing investment, according to two of the country's biggest business groups. - Telegraph

Britons are pessimistic about the prospects for the economy but are happier than they were a year ago and remain confident about their personal finances. - The Times

KPMG has forced out the head of one of its core businesses in Britain after an investigation into his conduct involving messages sent on WhatsApp. - FT

A no-deal Brexit threatens to disrupt horseracing and the sport's multibillion-pound betting markets, according to the head of Flutter Entertainment, the owner of bookmakers Paddy Power and Betfair. - FT