

Galliford Try plc

15:50 11 Sep 2019

FTSE 100 ends higher as fears ease; LSE soars to top spot after Hong Kong merger offer

- FTSE 100 closes 70 pts up
- LSE shares jump on takeover bid from Hong Kong's stock exchange
- Parliament's suspension ruled as unlawful by Scottish court

5.10pm: FTSE 100 closes higher

FTSE 100 closed convincingly higher on a busy company news day as the weaker pound pulled up the dollar earning blue-chip exchange along with trader optimism over the US, China trade situation.

The People's Republic said it would not impose further tariffs on 16 US products, which was widely seen as a conciliatory move in a bid to ease tension.

Footsie ended the day 70.08 points to the good at 7,338.03. Meanwhile, the FTSE 250 index, seen as a better indicator of the current state of the UK economy, surged 243.30 points at 19,982.16.

Top dog on Footsie, and one of the major stories of the day, was, of all things, the London Stock Exchange (LON: LSE) following a shock £30bn merger proposal from its Hong Kong rival - the Hong Kong Exchanges and Clearing (HKEX).

The terms of the cash and stock proposal would value the exchange operator at £8.36 per share, or £29.6bn. It said it would consider the proposal and will make a "further announcement in due course". LSE shares rose 5.91% to 7,206p.

"The timing of this move cannot be ignored, it comes just as LSE spent \$27 billion acquiring Refintiv in July, amid UK political uncertainty over Brexit and amid ongoing political disruption in Hong Kong," noted Fiona Cincotta, market analyst at City Index.

"Investors are not convinced that this deal will go through. Political considerations will play a significant role in deciding whether this deal has a future," she added.

3:50pm: OPEC cuts growth forecast

OPEC has cut its estimate for growth in world oil demand in 2020 due to an economic slowdown amid concerns about a US-China trade war and Brexit.

In a monthly report, OPEC said oil demand worldwide would grow 1.08 million barrels per day, 60,000 bpd less than previously estimated.

It also lowered its forecast for world economic growth in 2020 to 3.1% from 3.2%.

OPEC pointed out that next year's rise in oil demand would be offset by strong growth in supply from rival producers

Price: £6.73

Market Cap: £746.69 m

1 Year Share Price Graph



Share Information

Code: GFRD

Listing: AIM

52 week High Low
1097 499.6

Sector: Builders and building materials

Website: www.gallifordtry.co.uk

Company Synopsis:

Galliford Try PLC provides construction services throughout the United Kingdom and is a house builder across the South of England, Midlands and Eastern counties with an affordable housing and regeneration business. The company offers a range of construction services across the United Kingdom with specific sector expertise in education, health, commercial, leisure, interiors and facilities management.

action@proactiveinvestors.com

such as the US.

The producer group said the weaker outlook underlines the need for ongoing efforts to stem an oversupply of crude.

Iraq said ministers would on Thursday discuss whether to adjust its policy of reducing output.

Brent and West Texas Intermediate crude futures were little changed after the report.

3.20pm: Sports Direct shareholders back Mike Ashley's re-election

Sports Direct International shareholders have voted overwhelmingly in favour of Mike Ashley's re-election as chief executive of the company.

The company said 90.99% of votes cast at the AGM on Wednesday backed its founder's continued directorship, while 9% of shareholders voted against the resolution.

However, Ashley holds more than 62% of the shares of the firm so has a controlling stake.

A spokesperson for the firm said after the AGM: "We remain totally focused on delivering our elevated proposition which, following the AGM, continues to be supported by the investor community.

"We are already seeing some exciting milestones with the acquisition of Jack Wills, the opening of the new Flannels flagship store in London and plans for Frasers now in motion.

"We are building a young and dynamic executive team to assist in this transition but making sure we retain the core values in the existing business that have allowed the business to prosper over the years.

"Mike Ashley was re-elected at the AGM with over 90% of the vote and the audited accounts for the year ended 28 April 2019 were also approved by over 99% of shareholders."

Shares in the company are little changed.

2.50pm: US stocks climb

US stocks edged higher in early trading as concerns about the US-China trade dispute eased.

The Dow Jones Industrial Average rose 54 points to 26,963, the S&P 500 added 5 points and the Nasdaq advanced 27 points to 8,110.

In a sign of some further easing in tensions between the US and China, Beijing said on Wednesday that higher tariffs wouldn't be levied against some U.S. imports for a year, starting 17 September. China also said it would review more goods for exemption.

2.10pm: US producer prices rise

US producer prices unexpectedly rose in August but inflation remained low, doing little to change expectations that the Federal Reserve will cut interest rates again next week.

The Labor Department said its producer price index for final demand edged up 0.1% last month as a rise in the cost of services offset the biggest drop in the price of goods in seven months. Economists were expecting no growth after a 0.2% rise in July.

US PPI Data - Full Report <https://t.co/1JSjLIHJul> pic.twitter.com/dCQHCugLcL

— LiveSquawk (@LiveSquawk) September 11, 2019

1.20pm: Sports Direct's Mike Ashley blasts press at AGM

Sports Direct may have barred journalists from its AGM, but one person from the press managed to get in based on the fact that he owns shares in the company.

Simon Neville from Press Association has been tweeting from the meeting

I've finally emerged. One PR threatened to remove me at the end for having the temerity to listen to Mike Ashley talking to other shareholders. I explained I was there as a shareholder too and you'll need to ask everyone to leave. In the end Mike was escorted away

— Simon Neville (@SimonNeville) September 11, 2019

The event was over in a matter of 20 minutes.

Neville said founder Mike Ashley called on shareholders to ignore "fun" in the papers about him. Ashley apparently said: "If you want me to paint me as the panto villain - carry on."

Ashley also said that he "begged" Debenhams not to pay a dividend before it collapsed into administration.

"If they hadn't paid the dividend they'd still be there."

Now onto lack of dividend at SD: "I begged them [Debenhams] not to pay the dividend. If they hadn't paid the dividend they'd still be there."

— Simon Neville (@SimonNeville) September 11, 2019

Addressing the fact that Sports Direct is still without an auditor after Grant Thornton resigned, Ashley was asked why he is hitting up the big four accountants.

Asked "why are you obsessed with getting a Big Four auditor?" Mike taking issue with being said he's "obsessed". "It's a tick box exercise, people said I couldn't get one, I want one now. It's like having the biggest lawyers. It's a little achievement as you go through life."

— Simon Neville (@SimonNeville) September 11, 2019 12.20pm: US stock futures mixed

US stock futures are pointing to a muted start on Wall Street as traders await trade talks between Washington and China next month and the European Central Bank's policy meeting on Thursday.

Dow Jones Industrial Average futures rose 24 points to 26,917 but the S&P 500 is flat at 2,978 and the Nasdaq is down 5 points to 7,809.

Worries about the US-China trade dispute eased after the two sides confirmed renewed talks to start next month. Optimism of a trade truce has led to a rebound in Treasury yields.

Meanwhile, the ECB is widely expected to cut interest rates and potentially other stimulus measures on Thursday.

In US economic data, the August producer price index will be released later.

11.40am: PM's decision to prorogue parliament ruled unlawful

Boris Johnson's decision to prorogue parliament has been ruled as unlawful by a Scottish court but the prime minister is not giving up.

Three judges of the Inner House, the supreme civil court in Scotland, have disagreed with the Court of Session's decision last week to dismiss a case to prevent parliament from being suspended for five weeks.

But the government plans to appeal the ruling at the Supreme Court - the UK's highest judicial body.

11.00am: LSE considering Hong Kong bid but will not drop Refinitiv merger

The London Stock Exchange has confirmed that Hong Kong Exchanges and Clearing has made an "unsolicited, preliminary and highly conditional proposal" to acquire the group.

The group said it will consider the proposal and will make a further announcement in due course.

'unsolicited, preliminary and highly conditional' - LSE Group doesn't sound overjoyed by the approach

— Alex Sebastian (@MrAlexSebastian) September 11, 2019

However, it added: "LSEG remains committed to and continues to make good progress on its proposed acquisition of Refinitiv Holdings Ltd as announced on 1 August 2019.

"A circular is expected to be posted to LSEG shareholders in November 2019 to seek their approval of the transaction."

READ MORE: Hong Kong bid for LSE aims to scupper Refinitiv deal

HKEX said earlier that the deal will only go through if LSE's merger with Refinitiv collapses.

Richard Hunter, head of markets at Interactive Investor, said: "The proposed offer would be totemic in terms of East-West relations and the complementary strengths of the two exchanges would make strategic sense.

"This is an initial shot, however. As such, and not surprisingly, it will throw out a number of questions rather than answers at this stage."

He added: "The proposal is a fascinating prospect, but far from a done deal. The fact that the LSE share price has already retreated from the initial 10% spike on release of the news may reflect some initial scepticism around the likelihood of the deal going through."

Shares in LSE are now up 4% to 7,128p after rising 7% shortly after the news, still well short of the offer price.

10.20am: Hong Kong stock exchange proposes merger with LSE

London Stock Exchange Group PLC (LON:LSE) has received a £32bn takeover offer from Hong Kong Exchanges and Clearing Ltd, sending its shares up 7% to 7,265p.

HKEX has offered £20.45 a share in cash and 2.495 newly issued HKEX shares, valuing the LSE at £83.61 a share. The offer represents a 23% premium to LSE's closing price on Tuesday.

HKEX said the deal is dependent on the LSE ditching a £22bn plan to merge with Refinitiv, announced in July.

9.50am Mike Ashley faces calls to step down at AGM

Sports Direct International Plc (LON:SPD) founder Mike Ashley is facing calls to step down at the company's annual general meeting today.

Journalists have been banned from attending the AGM.

Russ Mould, investment director at AJ Bell, said: "It's probably not a coincidence that the media is banned from the AGM as the company finds itself increasingly under siege.

"Ashley's own shopping spree in the past year or so is not winning many friends among investors with serious questions raised about the decision to buy House of Fraser and Jack Wills."

In July, Sports Direct warned of "terminal problems" at its House of Fraser chain and revealed that it had been hit with a €674m tax bill from Belgian authorities.

It said House of Fraser, which Sports Direct bought out of administration last August, has created "significant

uncertainty" as to the future profitability of the entire group.

Sports Direct is also currently without an auditor after Grant Thornton, which has held the role since 2007, said it would quit after the AGM.

According to Sky News, the group is pleading with the big four accountants - Deloitte, EY, KPMG and PriceWaterhouseCooper (PwC) - to pitch for its audit contract. If it fails to replace Grant Thornton, the government may need to step in and appoint a new auditor for Sports Direct.

"This would really sting given the additional damage to the firm's reputation and because Ashley hardly strikes you as someone who would relish surrendering control in this way," said Mould.

8.40am FTSE 100 pulled higher on ECB stimulus bets

The UK may want to uncouple from Europe, but there is no doubting its influence, which is likely to continue post-Brexit.

For London's top stocks were dragged higher ahead of the European Central Bank's interest rate call on Thursday.

The narrative around the meeting was less about cuts to borrowing costs, and more around the scope and scale of its fiscal stimulus plans designed to mitigate the effects of recession.

Germany, the continent's leading economy, has already shown signs of distress.

Against this backdrop, the FTSE 100 opened 45 points to the good at 7,313,03.

Flying towards the top of the index of blue-chips was British Airways owner IAG (LON:IAG) after its striking pilots returned to work. It advanced 2.2%.

Just why shares in budget rival easyJet (LON:EZJ) - up 4.4% - were buoyant was difficult to explain.

The most convincing argument came in the form of the recent narrative around oil prices, which are expected to ease going into 2020.

Fuel makes up a major component of airline costs.

Proactive news headlines

Midatech Pharma PLC (LON:MTPH) shares surged after the biotechnology firm said it had received a €6.6m grant from the Spanish government for its cancer drug manufacturing facility in Bilbao.

Integumen PLC (LON:SKIN) reported a sixfold jump in revenues for the first half of the year alongside a reduction in losses.

SigmaRoc PLC (LON:SRC) has agreed to buy Belgian rock quarrying firm Stone Holdings in a deal valued at €2.2m including debt, as well as taking up an option to buy a quarrying firm in South Wales.

ECSC Group PLC (LON:ECSC) narrowed losses in the first half, while sales in its consulting arm continued to grow into the second half. Into the second half of the current year, ECSC said it had seen record levels of consulting bookings across its third quarter and into the fourth as well as record revenues in July.

Woodbois Limited (LON:WBI) increased gross profits 83% and cut total losses by a third in the first half of the year and says the next target is to become cash-flow positive.

Eland Oil & Gas PLC (LON:ELA) has, alongside its interim results, revealed the initial results of the Gbetiokun-4 development well. Following the completion of drilling and an early analysis the company told investors that Gbetiokun-4 has exceeded pre-drill expectations.

Kibo Energy PLC (LON:KIBO) has renewed the water rights for its planned Mbeya coal power (MCCP) project in Tanzania.

Chaarat Gold Holdings Limited (LON:CGH) has received US\$9.5m in cash as part of a loan upsizing, while also updating on the financing of its Tulkubash gold project in the Kyrgyz Republic.

Solo Oil PLC (LON:SOLO) has teamed up THREE60 and NRG Well Management with the two new partners coming on board to provide operational capability as it implements its strategy.

Futura Medical PLC (LON:FUM) chief executive James Barder said the company's team is speaking to key opinion leaders in the field of erectile dysfunction ahead of publishing headline data on MED2005 later this year. The financials revealed the company had £5.63m as at the end of June, while it picked up a £1.36m research and development credit in August.

Grit Real Estate Income Group Limited (LON:GR1T) is seeking shareholder permission to issue up to 280m new shares to support its growth aspirations.

Technology and software investment firm KRM22 PLC (LON:KRM) has begun talks with strategic investors to help fund the next phase of growth as it continues to experience strong demand for its products.

88 Energy Ltd (LON:88E, ASX:88E) has launched a A\$10m equity funding with the cash earmarked for the ongoing evaluation of both conventional and unconventional prospectivity across its acreage in Alaska.

6.45am: FTSE 100 called higher

The FTSE 100 is poised to start on the front foot on Wednesday as traders remain hopeful of an interest rate cut from the European Central Bank (ECB) at its meeting on Thursday.

Spread-better IG expects the FTSE 100 to open around 32 points higher after closing up 32 points on Tuesday at 7,268.

Aside from an interest rate cut, there is also an expectation that the ECB will reveal another stimulus package, with David Madden, market analyst at CMC Markets UK, saying the central bank could have "motivation" for loosening its monetary policy.

"Germany is the power house of Europe and the economy contracted in the second-quarter, and there is talk of a recession. The Fed already cut interest rates in June, and there is speculation about a further cut later this month, so the ECB might want to make the first move", he said.

US markets were a mixed bag overnight, with the Dow Jones closing 0.28% higher while the S&P 500 was up 0.03%. The Nasdaq was the outlier, falling 0.04%.

Optimism around the ECB drove Asian markets higher on Wednesday, with the Japanese Nikkei 225 rising 0.93% while Hong Kong's Hang Seng was 1.66% higher.

On the currency markets, the pound was 0.13% higher at US\$1.2362 against the dollar and up 0.05% at €1.1185 against the euro.

Ipek Ozkardeskaya, senior market analyst at London Capital Group, said that the pound seemed to have found a "solid support" level at US\$1.23, hinting that dismissal of a no-deal Brexit option on 31 October had provided "some fundamental base to buyers".

Significant announcements expected for Wednesday September 11:

Finals: Galliford Try plc (LON:GFRD)

Interims: Advanced Medical Solutions Group (LON:AMS), Anpario (LON:ANP), DP Eurasia (LON:DPEU), ECSC Group PLC (LON:ECSC), Epwin Group PLC (LON:EPWN), Futura Medical PLC (LON:FUM), Oakley Capital Investments Ltd (LON:OCI), S4 Capital PLC (LON:SFOR)

Economic data: MBA US mortgage applications, US producer prices

Around the markets:

Sterling: US\$1.2362, up 0.13%

Brent crude: US\$62.86 a barrel, up 0.77%

Gold: US\$1,493.3 an ounce, up 0.2%

Bitcoin: US\$10,028.4, down 2.5%

City headlines:

A wildly swinging pound is trading like an emerging market currency as the next Brexit deadline looms, Bank of England Governor Mark Carney has warned - Telegraph

The gold price could climb to its all-time record and progress beyond \$2,000 an ounce over the next three years, according to Citigroup - Times

There is a rising expectations in the EU that the beleaguered Boris Johnson is preparing to shift his position in an attempt to broker a deal - Financial Times

Apple caught up with hardware rivals on Tuesday by revealing a triple-camera iPhone, and it rolled out a streaming TV service priced at \$5 a month, undercutting Disney and Netflix - Reuters

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.