

# Volusion Group PLC

17:15 09 Oct 2019

## FTSE 100 closes in positive territory as markets are upbeat ahead of more US, China talks

- FTSE 100 finishes 23 pts higher, but FTSE 250 slides
- Wall Street stocks up
- US, China trade talks set to resume tomorrow

5.15pm: Footsie closes ahead

FTSE 100 index closed in positive territory on Wednesday, while Wall Street also gained as traders decided to be more upbeat on tomorrow's resumption of US, China trade talks having been pessimistic on Tuesday.

The UK blue chip index ended 23.35 points higher at 7,166.50. Its mid-cap cousin FTSE 250 went the other way though, shedding 29.30 points to finish at 19,171.60 as Brexit jitters continue to dent the more domestic company focused index with it reported that negotiations between the EU and UK had now ceased.

On Wall Street, around London's close, the Dow Jones Industrial Average was up 172.9 points at 26,337.02, while the S&P 500 index gained 25.4 at 2,918.3, rallying after big falls in the previous session.

"Traders breathed a sigh of relief that there were no more negative headlines ahead of the US - Sino trade talks, due to start tomorrow," noted Fiona Cincotta, at spreadbetting group City Index.

"With the Trump administration blacklisting 28 Chinese tech firms and limiting Chinese officials visa the talks had looked destined to fail even before they had begun. However, more recently this afternoon, reports are circulating that China is still interested in achieving a deal, just a much more limited deal and on the condition that no more tariffs are imposed by Trump."

Traders on both sides of the Pond were also eyeing the release later today of minutes from the last Federal Reserve meeting, when interest rates were cut to see if that dovish trend will follow and to see the reasons for the cut.

3.50pm: Footsie gives up some gains

London investors are not proving as ebullient as their US peers about China trade news, with the B word, either Boris or Brexit or both, hobbling those trading trigger fingers.

The FTSE 100 has given up some of its earlier gains, now up 27 points or 0.4% at 7,170.22, compared to the 0.7%, 0.8% and 0.9% seen for Wall Street's Dow Jones, S&P 500 and Nasdaq Composite indices across the pond.

Germany's Dax is Europe's biggest gainer, reflecting the weighing of trade concerns on that nation.

Sterling continues to tread water, with market analyst Connor Campbell at Spreadex saying the currency is "trying to ignore claims that a no deal Brexit is a 'dangerously realistic' scenario as it hopes that reports the EU is willing to extend the deadline to next summer are true".

Against the dollar, the pound was flat at just below 1.222, while down a further 0.2% against the euro at 1.1129.

### 1 Year Share Price Graph



### Share Information

**Code:** FAN  
**Listing:** LSE  
**Sector:** Builders and building materials  
**Website:** [www.volusiongroupplc.com](http://www.volusiongroupplc.com)

### Company Synopsis:

*Volusion Group plc, together with its subsidiaries, manufactures and supplies ventilation products to residential and commercial construction markets in the United Kingdom and internationally. The company operates through two segments, Ventilation Group and OEM (Torin-Sifan).*

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In other news, Barclays oil and gas analysts took an unlikely field trip down to the Extinction Rebellion protests this week and came up with some intriguing results.

**Read our story here: [How climate protesters could become big investors in BP and Shell.](#)**

2.50pm: US markets kick off in the green

Wall Street has started Wednesday on the front foot as traders took heart from renewed optimism over global trade.

Shortly after the opening bell, the Dow Jones Industrial Average was up 0.6% to 26,320 while the S&P 500 climbed 0.64% to 2,912 and the Nasdaq rose 0.78% to 7,885.

However, it wasn't all positives across the Atlantic, with concerns about the ongoing strike at car-making giant General Motors Co (NYSE:GM) combining with others industrials headwinds.

The downturn in the US manufacturing sector is likely to deepen further due to the GM strike, said Capital Economics in **a new report**.

"The strike at General Motors, together with continued problems at Boeing, means that the incoming manufacturing data over the next month or two will go from bad to terrible", said US economist Michael Pearce for the London-based research firm.

He added however that while the striking workers were key to their expectations that US economic growth would slow in the fourth quarter, it was likely to pick up again quickly once the disputes were resolved, making it "a reason to be sceptical of claims the economy is on the brink of a recession".

"We already expected GDP growth to slow to 1% annualised in the fourth quarter. The problems at GM and Boeing raise the risks of a worse outcome. That will inevitably raise fears of a recession, but output will rebound as those disruptions are cleared. We still think a soft landing is the most likely outcome", CE concluded.

In London, the FTSE 100 was 36 points higher at 7,180.

2.15pm: Wall Street to head higher as trade tensions appear to cool

The US markets are expected to start Wednesday on the front foot after new reports appeared to show that the US and China were attempting to ease tensions ahead of talks on Thursday.

A Bloomberg report that China would be open to a limited trade deal with the US on condition of no more tariff hikes as well as a Financial Times piece indicating that China had also offered to increase purchases of US agricultural products by 50% to around US\$50bn have boosted optimism among traders that both sides are trying to reach an agreement and end the trade war.

However, if a deal is to be agreed it may need to happen during this round of talks, as US import duties on US\$250bn-worth of Chinese goods are due to increase to 30% from 25% on 15 October.

Aside from the trade news, investors will also be awaiting the latest minutes from the last meeting of the Federal Reserve, and whether any insight can be gleaned around the possibility of another interest rate cut before the end of the year.

Meanwhile, in London, the FTSE 100 was 34 points higher at 7,178 into mid-afternoon.

12.20pm: ING analysts cautious on trade deal chances

While the news of a potential small trade offer from China has provided some optimism for the markets, analysts at ING remain cautious, saying there is "scant evidence" that the two sides will be able to move enough to break the current deadlock.

The Dutch bank said that despite positive signals in the recent news cycle, the chances of a deal happening quickly were "low" as Donald Trump would need to remove some of his demands on China and had already said he did not want to strike a 'mini deal' with Beijing.

"We think it's possible that a further deterioration in the US economy could lead Trump to take a few steps back, but he has to walk a fine line. Trump won't want to give in so much that he's viewed as a loser in the trade war", ING said.

"He recently said he still wanted a broad agreement rather than something narrower in scope. Trump is feeling the pressure from Democrats and hard liners within his own party to remain tough on China and push for more than just a deal on trade flows."

"But this gives him little room for manoeuvre since China is adamant it will not give up its sovereignty in setting industrial policy objectives or its autonomy in granting direct or indirect state subsidies to Chinese firms. For China, it's also unacceptable that only the US can decide whether compliance with a deal is sufficient to undo the tariff hikes", analysts added.

With a breakthrough looking unlikely, ING concluded that the best result for the upcoming talks would be for the US to delay higher tariffs expected to enter force of 15 October in exchange for a Chinese commitment to increase purchases of American agricultural and energy products.

In lunchtime trading, the FTSE 100 had risen slightly and was up 35 points at 7,178.

11.30am: FTSE 100 gains as China offers partial trade deal to ease tensions

As midday approached the FTSE 100 was back on the ascent after news that China signalled its openness to a partial trade deal with the US in a bid to ease tensions between the world's two largest economies.

According to a report from Bloomberg, China said it would accept a limited deal provided Donald Trump did not impose any more tariffs on its exports, including two more sets of hikes that are set to take effect this month and in December.

No end to trade war but trade deal/partial trade deal still part of the play book????????????? pic.twitter.com/L10jRaTafd

— Trinh Nguyen (@Trinhnomics) October 9, 2019

In return, the report said Beijing would offer concessions on agricultural products and other non-core areas, although further details on these were not offered.

The news provided a small boost for London's traders, with the FTSE 100 up 37 points at 7,180 in late-morning.

On the company front, broadcaster ITV PLC (LON:ITV) was the biggest blue-chip riser, up 2.1% at 121.8p, while fire alarm and hazard detection specialist Halma PLC (LON:HLMA) was at the bottom of the pile after falling 1.8% to 1,899p.

Meanwhile, the pound was also mounting a partial rebound, rising 0.11% to US\$1.2231 against the dollar after a report emerged from The Times that the EU was ready to make a major concession to Boris Johnson in an attempt to agree a Brexit deal.

The report said governments in Europe were preparing to offer the ability for the Northern Ireland Assembly in Stormont to unilaterally revoke a withdrawal agreement after a set time frame, provided the move received cross-community support in the region.

Such a proposal would remove a key sticking point in the negotiations and potentially provide a chance to agree a new Brexit deal before a crunch EU summit next week, although fears of a no-deal Brexit are likely to continue to linger in the background after the Bank of England warned today that a disorderly exit could present "material risks" of economic disruption.

10.15am: FTSE 100 loses some steam; Just Eat up as Takeaway.com reports jump in orders

Going into mid-morning, the FTSE 100 had lost some of its steam but was managing to stay in the green with an 18 point gain at 7,161.

Positive performances from financial stocks were helping the index keep its head above water despite concerns over trade and global economic health, with HSBC Holdings PLC (LON:HSBA) up 0.4% at 601.4p while Barclays also rose 0.4% to 144.5p just after 10am.

Meanwhile, Just Eat PLC (LON:JE.) continued to look tasty for investors, rising 0.9% to 630.8p, after Takeaway.com, with which it is due to merge in a £9bn deal, reported that total orders in its third quarter had almost doubled to 41.6mln from 22.3mln in the prior year.

The strong numbers may assuage some investors around the benefits of the merger, which was originally announced in August but has attracted criticism over its value.

Last month, one of Just Eat's major shareholders, hedge fund Eminence Capital, suggested that the merger was "grossly inadequate" and undervalued Just Eat, following similar resistance from fellow investor Aberdeen Standard.

8.45am: FTSE 100 opens on the front foot

The FTSE 100 got off to a slightly better-than-expected start on Wednesday, rising 24 points to 7,168 shortly after the start of the session.

Leading the blue-chip risers in early trading was Just Eat PLC (LON:JE.), which was 3.1% higher at 645p, while the top faller was bookmaker Flutter Entertainment PLC (LON:FLTR) after it dropped 1.9% to 7,726p.

Flutter's woes may have been down to a strong third-quarter performance from its FTSE 250 rival, Ladbrokes owner GVC Holdings PLC (LON:GVC), which nudged up its full-year profit guidance following what it said was a "positive start" to trading in the US.

Meanwhile, some traders will be keeping their powder dry ahead of the Fed minutes later today, with Markets.com's Neil Wilson saying the minutes could provide insight into the "level is discord" among the central bank's monetary policy committee and where it is likely to go next.

"We know that market expectations are highly tilted towards a further [interest rate] cut in October, and eco data has of late been softer. The ISM figures that have come out since the meeting will support the case for cuts", Wilson said.

He added that trade and Brexit may also provide the case for a rate cut alongside "general uncertainty around the global economy and trade".

Proactive news headlines

Solo Oil PLC (LON:SOLO) has unveiled a series of major changes including a €32.1mln asset acquisition, constituting a reverse takeover, new management and a rebrand.

Capital Drilling PLC (LON:CAPD) has won a five-year contract with Allied Gold to provide a full range of mining services at the Bonikro Gold Mine in The Ivory Coast, the first time it has taken full control of operations at a mine.

Falcon Oil & Gas Ltd's (LON:FOG) exciting Australian shale gas project is now back actively underway, with the start of new drilling in the Beetaloo basin.

Rainbow Rare Earths Ltd (LON:RBW) is targeting production of 10,000 tonnes per annum of rare earth concentrate at its Gakara mine in Burundi.

Erris Resources PLC (LON:ERIS) has received four new exploration permits for gold prospects in Norway, and has completed soil sampling, a magnetic drone survey and fieldwork at the Sakiatieva Project in northern Finland.

Faron Pharmaceuticals Oy's (LON:FARN) Clevegen cancer treatment has shown its safety credentials in its initial clinical trials.

Tharisa PLC (LON:THS) upped production in its latest quarter as benefits from a restructuring of its Platinum and chrome mine in South Africa started to come through.

Ncondezi Energy Ltd (LON:NCCL) has announced the promotion of Hanno Pengilly from chief development officer to chief executive as the company looks to progress its key project in Mozambique.

OptiBiotix Health PLC's (LON:OPTI) LPLDL probiotic has been granted 'generally recognised as safe' (GRAS) status by the US Food and Drug Administration (FDA).

Metal Tiger Plc (LON:MTR) confirmed it is to receive 6.3mln new shares in Sandfire Resources (ASX:SFR) after the approval of the takeover of MOD Resources and ratification by the Supreme Court of Western Australia.

Salt Lake Potash Ltd (ASX:SO4) is in a trading halt pending news regarding completion of a bankable feasibility study for the Lake Way Sulphate of Potash Project in WA's northern Goldfields region.

6.45am: FTSE 100 expected to open mostly flat

The FTSE 100 is expected to open mostly flat on Wednesday as hopes of a trade deal between the US and China began to fade ahead of talks between the two sides later this week.

Spread-better IG expects the FTSE 100 to open around 1 point lower after falling 55 points to 7,143 on Tuesday.

"The trade war between the US and China is taking a perilous political turn. If it comes down to an ideology clash, then the world should prepare for further disruptions in global trade", said Ipek Ozkardeskaya, senior market analyst at London Capital Group.

She added that if talks break down a consequence could be higher US tariffs on Chinese imports "by next week", accompanied by a likely sell-off in global stocks.

The recent blacklisting by the US of several Chinese tech companies and officials of the Communist regime's treatment of Uighur Muslims in Xinjiang is unlikely to help matters.

The pessimism over trade drove US markets lower overnight, with the Dow ending Tuesday 1.19% lower while the S&P 500 fell 1.56% and the Nasdaq dropped 1.67%.

It was a similar picture in Asia today, with Japan's Nikkei 225 down 0.64% and Hong Kong's Hang Seng 0.67% lower.

Away from trade, traders will also be scrutinising the minutes from the Federal Open Market Committee's latest meeting for hints on any tweaks to US interest rate policy.

Fed president Jerome Powell said on Tuesday that the central bank would continue buying treasury bills to avoid a liquidity crunch in US money markets, while Ozkardeskaya said Powell had "left the door open" for more action on interest rates.

"Henceforth, a third consecutive rate cut is likely around the corner at the FOMC's October meeting", she said, adding that activity on US treasury markets suggested an 81% chance of a 25 basis-point cut by the end of October.

On the currency markets, the pound seemed to have flattened out at US\$1.2206 against the dollar as hoped of a Brexit deal before the end of the month seemed to have all but disappeared.

However, while there is a lingering prospect of a no-deal, legal blocks on exiting the EU without an agreement have many believing that an extension to the UK's EU membership is now almost inevitable, which could boost sterling in the short term.

Significant announcements expected on Wednesday 9 October:

**Finals:** Volution Group PLC (LON:FAN)

**Interims:** Vertu Motors PLC (LON:VTU)

**Trading statement:** GVC Holdings PLC (LON:GVC)

**AGMs:** FastForward Innovations Ltd (LON:FFWD), Fulcrum Utility Services Ltd (LON:FCRM)

**Economic data:** US Fed policy minutes, US MBA mortgage applications

Around the markets:

**Sterling:** US\$1.2209, down 0.09%

**Brent crude:** US\$58.04 a barrel, down 0.34%

**Gold:** US\$1,506.6 an ounce, up 0.63%

**Bitcoin:** US\$8,158, down 1.1%

City headlines:

The US Commerce Department on Monday blacklisted 28 Chinese public security bureaus and companies - including video surveillance company Hikvision - over Beijing's treatment of Uighur Muslims and other predominantly Muslim ethnic minorities - Guardian

Boris Johnson is making a last-ditch effort to salvage his Brexit deal after an explosive row with Angela Merkel put talks on the brink of collapse - Times

The European Commission has called for concerted fiscal stimulus to head off a recession and avert a protracted downturn before it is too late - Telegraph

German industrial production rose by more than expected in August, easing concerns that Europe's largest economy is on the cusp of a recession - Times

At least 50 Conservative MPs would revolt against a general election manifesto that pledged to pursue a no-deal Brexit, according to two members of the government - Financial Times

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