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FTSE 100 index closes higher ahead of next parliamentary Brexit vote

- FTSE 100 closes up around 50 points
- Pound weakened as prospect of a 2019 General Election looms
- Just East surges to Footsie podium

5.15pm: FTSE 100 in positive finish
FTSE 100 index closed higher on Tuesday, aided by the decline in sterling and as traders await the next vote on Brexit in parliament.

Expected is a key vote around 7.30pm on the Commons debate timetable on the latest Brexit plan. Word is that Prime Minister Boris Johnson will call for a general election if MPs don't back the proposed three day timetable.

The Footsie finished up 50.85 points at 7,214.59.

But the more UK -company focused FTSE 250 plunged 108 points to stand at 20,200.79.

The pound lost 0.11% to 1.2946 against the US dollar.

"Pound traders are broadly opting to stay on the side-lines rather than guess the outcome of today's voting," said Fiona Cincotta, market analyst at City Index.

She added: "Should the House of Commons reject the idea of pushing the legislation through in just 3 days, Bojo's Brexit bill could potentially under much more scrutiny. This opens up the probability of a more drawn out Brexit. This would also give the opposition ore time to get their act together and push for an election or second referendum."

Top riser on FTSE 100 was take-away app Just Eat (LON:JE.) which gained a stonking 24.19% to 732p as a bidding war looms as it rejected a hostile £4.9bn bid from investment firm Prosus in favour of a £8.4bn merger with Dutch rival Takeaway.com.

4pm: Footsie clings to gains
Having entered the final hour of trading, the Footsie has been engaged in holding its station, clinging on to earlier gains.

London's top-shares index was up 45 points (0.6%) at 7,208, some 12 points off its intra-day high and almost 70 points above its low.

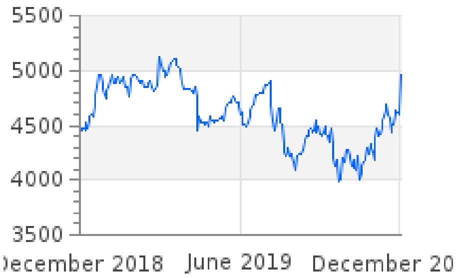
Sterling has now lost almost half a cent today to US$1.2916 as traders remain on alert for a General Election to be called if Parliament does not pass the withdrawal agreement bill (WAB).

Pound gets Brexit butterflies as Johnson talks up election; investors hungry for Just Eat... https://t.co/ODdoMSLCvt$JE $GBP #Brexit #WAB #sterling #pound

Price: 4961

Market Cap: £6.63 billion

1 Year Share Price Graph



Share Information

Code:		WTB
Listing:		LSE
52 week	**High**	**Low**
	5162	**3927**
Sector:		**Leisure, gaming and gambling**
Website:		**www.whitbread.co.uk**

Company Synopsis:
Whitbread PLC is the UK's largest hotel and restaurant company operating businesses in the budget hotels and restaurant sectors. Its brands include Premier Inn, Beefeater, Table Table, Brewers Fayre, Taybarns and Costa Coffee. Whitbread PLC employs over 33,000 people and serves 8. 5 million customers every month in its 1500 outlets across the UK.

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— Connor Campbell (@ConnorSpreadex) October 22, 2019
"As tension builds ahead of this evening's votes on the Brexit withdrawal agreement bill, the pound lost a step on Tuesday afternoon," reported Connor Campbell at Spreadex.

"The currency's stoic open was gradually chipped away at as the day went on. Now sterling is down 0.4% against the dollar and 0.3% against the euro, tripping away from Monday's fresh 5-month highs. Not only is it feeling nervy pre-vote, it is also dealing with the re-raised spectre of a general election," Campbell added.

"Boris Johnson has threatened to pull the WAB if MPs decline his timetable in Tuesday's 2nd vote, and instead seek to send the public to the polls pre-Christmas (this is as long as the EU would grant a 3-month extension as requested by the Benn act)," he said.

Wells Fargo Economics reckons there is a "better-than-ever" chance the bill will be ratified in the next few days; possibly it meant "better-than-even" chance.

"Given the challenges negotiators are likely to face in the coming years as they work to agree on a new trading arrangement, we think most of the Brexit optimism will be front-loaded in the next few weeks," the economics group predicted.

3.00pm: FTSE 100 kicks on as sterling tumbles on General Election fears
The FTSE 100 has kicked on after sterling took a tumble on foreign exchange markets.

A Downing Street source has been quoted as saying, "if Parliament votes again for delay by voting down the programme motion, and the EU offers delay until 31 Jan -- then we will pull the Bill, there will be no further business for Parliament and we'll move to an election before Christmas".

The FTSE 100, which usually receives a fillip from a weak exchange rate, climbed above 7,200 to 7,209, up 46 points (0.6%) on the day as sterling fell to US$1.2929, down a third of a cent.

STERLING FALL CAUSED BY BBC POLITICAL EDITOR TWEET THAT GOVT WILL PULL BREXIT LEGISLATION AND PUSH FOR ELECTION IF LAWMAKERS VOTE DOWN BILL

— Quantitative Trading (@fiquant) October 22, 2019

Not sure he will spell it out at the despatch box, but it seems if MP s won't agree govt timetable for Brexit legislation tonight, they will pull it, and if EU then offers a delay, they would push straight for an election instead

— Laura Kuenssberg (@bbclaurak) October 22, 2019
Sterling's stumble lifted spirits a bit after what Howard Archer of the EY ITEM Club called "a dismal October CBI industrial trends survey".

"There is not even any sign of manufacturers getting a temporary boost in October from increased stock-building ahead of the 31 October Brexit deadline. The balance for stocks of finished products fell back to a six-month low of +11% in October after jumping to +28% in September (the highest since May 2009) from +14% in August," Archer reported.

"The survey shows the orders balance fell to -37% in October, which was the weakest level since March 2010. It was down from -28% in September and -13% in August, and substantially below the long-term average of -13%," Archer observed.

"The simultaneously released CBI quarterly survey showed that confidence among manufacturers was the lowest since July 2016. Specifically, the business optimism index weakened to -44% from -32% in July. Manufacturers were particularly downbeat about export prospects (the lowest since October 2001)," he added.

Meanwhile, in the US, the Dow Jones is more or less unchanged while the broader-based S&P 500 is up 5 points

(0.2%) at 3,012.

1.40pm: Blue-chips consolidate gains
The Footsie remained in positive territory ahead of what is expected to be a modestly firmer start on Wall Street.

London's index of blue-chip shares was up 34 points (0.5%) at 7,197.

Across the pond, while the Dow Jones is expected to open 5 points lower at 26,822 - weighed down by negative sentiment towards fast-food giant McDonalds after an earnings miss - the S&P 500 is tipped to start 4 points higher at 3,011.

In the UK, the CBI's total orders balance dropped to -37 in October from -28 in September. Economists had pencilled in a figure of -30.

"Manufacturers appear to be experiencing the full force of the global downturn and aren't enjoying any relief this time from preparations ahead of the October Brexit deadline," observed Samuel Tombs at Pantheon Macroeconomics.

"Granted, the total orders balance is not seasonally adjusted and it has fallen by an average of six points over the last 42 years. Nonetheless, our seasonally adjusted version of the balance also dropped in October and points to manufacturing output falling at a 4% year-over-year rate soon. In addition, the quarterly business optimism balance dropped to the lowest level since July 2016, while all three investment intentions balances, relating to building, machinery and training, fell to their lowest levels since the financial crisis," he added.

12.05pm: Just Eat share price super-sizes

Led by Just Eat PLC (LON:JE.), the FTSE 100 has reversed track and hurtled into positive territory.

London's index of leading shares was up 35 points (0.5%) at 7,199, thanks in part to a 25% increase in the share price of Just Eat after the online takeaway giant received a hostile takeover bid from a company owned by South African e-commerce giant Naspers.

The shares are trading at around 735p, 25p above Naspers' offer price, which suggests the market is expecting a bidding war to ensue, as Just Eat management had previously agreed to a merger with the Dutch company, Takeaway.com.

"The 710p cash offer from Prosus is a 20% premium to the Takeaway.com offer and about 12% higher than the shares were trading before the latter's bid. Always a strong possibility given the increasingly low-ball offer from Takeaway.com, a bidding war is now on. You may need more like 750p to sort this out," suggested Neil Wilson.

Today's borrowing figures put PSNB at £40.3bn in the first half of 2019-20, up 22% on the same period in 2018-19. But back at the Spring Statement, the OBR projected that full-year borrowing would reach £40.6bn (adjusting for student loans), down v slightly on the 2018-19 total pic.twitter.com/sKN0l3GGlQ

— Matt Whittaker (@MattWhittakerRF) October 22, 2019
On the macro front, the public sector net borrowing excluding public sector banks - "PSNB ex." in the jargon - rose to £9.4bn in September from £8.8bn the year before but was below the consensus forecast of £9.7bn.

"September's relatively small increase in borrowing leaves the public finances looking a little healthier than before, though the government still is on course to exceed next year's 2% of GDP [gross domestic product] borrowing limit," said Samuel Tombs, the chief UK economist at Pantheon Macroeconomics.

"No political appetite exists for further austerity measures to reduce the deficit. Indeed, the Chancellor allocated in last month's Spending Round an extra £12bn to departments to spend in 2020/21, over and above that already planned for in the Spring Statement, while both parties will pledge giveaways to the electorate in the election likely to be held in the coming months. If the next Budget is held as currently planned on November 6, voters can expect pre-election sweeteners from the Conservatives," Tombs declared.

Also on the home front - literally, in this case - the provisional seasonally adjusted estimate of UK property transactions for September was 101,740 residential and 10,500 non-residential transactions.

The provisional seasonally adjusted count of residential property transactions in September was 2.3% higher than in September 2018 and 5.0% higher than in August 2019, Her Majesty's Revenue & Customs revealed.

The provisional seasonally adjusted count of non-residential property transactions in September was 0.2% higher than in September 2018 and 7.7% higher than in August 2019.

"A seasonally inspired spike in transactions will be welcomed across an otherwise weary market landscape and while uncertainty continues to dominate the property sector, this late rally in the number of homes being sold proves there is plenty of life in the old dog yet," ventured Shepherd Ncube, the chief executive officer of Springbok Properties.

"There remains a huge appetite for home ownership across the UK and while transactions may have plateaued in recent years they have remained consistently stable, with pent up demand from homebuyers occasionally giving way in the form of a monthly spike in sales," he added.

Property listings website operator Rightmove PLC (LON:RMV) was heartened by the news and added 12p to yesterday's gains to advance to 581.8p.

Yesterday, Rightmove reported that house prices are rising at their lowest rate in October since 2008, climbing 0.6% while property listing numbers are down 13.5% on levels seen a year ago.

10.00am: Stocks chug lower
London's leading shares are lower on balance as traders await the outcome of Boris Johnson's "one more heave" to get Brexit over the line.

The FTSE 100 was down 14 points (0.2%) at 7,150, with travel firm TUI AG (LON:TUI), down 5.1% at 1,012.5p, leading the retreat after Morgan Stanley cut its rating on the stock to "equal weight".

Also under the cosh is Reckitt Benckiser PLC (LON:RB.) after it slashed full-year sales guidance in its third-quarter trading update.

The Anglo-Dutch fast-moving consumer goods giant's shares were down 5.0% at 5,577p.

Anglo-American PLC (LON:AAL), up 1.3% at 1,965.2p, was the top-performing blue-chip after its third-quarter production update.

Whitbread plc (LON:WTB) was another stock on the rise, hardening 0.8% to 4,238p, after its interims.

"Now without the significant buttress of the Costa business, Whitbread is finding life tough," declared Richard Hunter, the head of markets at interactive investor.

"Whitbread's reliance on the hotels market makes the company less diversified and therefore more vulnerable to economic swings. The shares have underperformed of late, having declined 13% over the last six months and 7% over the last year, the latter of which compares to a 1.7% increase in the wider FTSE100. With the real potential of economic clouds on the horizon, the market consensus of the shares has now swung to a sell in the absence of any sustained cheer from the company," Hunter noted.

8.45am: Stuttering start ahead of the Withdrawal Agreement Bill

The FTSE 100 made a stuttering start to proceedings with caution the watchword ahead of Boris Johnson's final bid get the UK out of the EU by the end of the month.

Later Tuesday, MPs will be asked to back the Prime Minister's Withdrawal Agreement Bill. If Johnson is successful, and at this stage, it is still a big 'if', the Commons will be asked to approve an intensive three-day timetable in which to consider the legislation.

"There are yet plenty of hurdles for the government to clear after winning the vote that will keep traders mindful of downside risks," said Neil Wilson, an analyst at Markets.com.

The morning's big mover was Reckitt Benckiser (LON:RB.), which cut its sales target after a dour third-quarter update. The shares fell 4.5%.

On the upside, there was a recovery from recent lows for the miners led by Antofagasta (LON:ANTO), which was up 1.5%.

6.43am: Hesitant start predicted
The FTSE 100 will start very hesitantly ahead of a potentially big Brexit day in parliament.

London's blue-chip index is predicted to drop three points to 7,163, according to spread betters, having added 13 the day before.

Boris Johnson is thought to have the House of Commons numbers to win a vote on his withdrawal agreement bill (https://www.gov.uk/government/publications/eu-withdrawal-agreement-bill - WAB), in what is known as the second reading of the bill on Tuesday, but may find it more difficult to get the deal through on the accelerated timeline for approval by 31 October.

This timeline, known as the programme motion, allows only three days' of consideration and debate on the WAB, and many MPs who say they are willing to vote for the second or third readings are opposed to the current programme.

But even if the WAB continues its passage, various groups of MPs are planning to try to add amendments, including the push for a customs union and/or a confirmatory referendum.

"The prospect of an extension has continued to support the pound which made another five-month high against the US dollar yesterday above the 1.3000 level," said Michael Hewson at CMC Markets.

"For now, this appears to be acting as a short-term top, with markets reluctant to drive the currency too much higher given that there could be many more political twists and turns before any deal gets across the line."

Economists at Pantheon Macroeconomics noted that the pound has only been tickling the 1.3 mark rather than going much higher, saying "markets are right to view the passing of the WAB as far from a done deal".

"By our reckoning, the customs union amendment will be only one vote short of passing if the SNP, Lib Dems and others back it, so the vote essentially looks likely to be a toss-up," Pantheon said.

But the big votes are not scheduled until late on Tuesday evening, so investors can safely mull over some corporate news in the meantime, plus perhaps the second term for Canada's Justin Trudeau confirmed overnight.

Hotel sector squeeze
Premier Inn owner Whitbread plc's (LON:WTB) half-year results come amid some negative news from the hotels sector.

At the end of last week, smaller rival easyHotel gave a grim assessment of UK market, saying its London hotels performed well enough but regional hotels saw a 2.8% decline, with many regions hit by double-digit drops.

Across the UK, sector-wide revenue per available room (revpar) is down by an average of 0.7% this year, according to market data from STR Global.

Recently, however, UBS upgraded the shares to 'buy' from 'neutral' as they said the recent share price valuation implies that the market is predicting Whitbread's revpar will fall 10%, while the analysts reckon the fall will be nearer 3%.

In the first quarter, Premier Inn reported a 6.0% fall in revpar, with total accommodation sales down 1.5% and like-for-like sales down 4.6%, blaming weaker business and consumer confidence due to Brexit uncertainty.

Tough for Travis
Similarly, after a profit warning by a sector peer last week, builders' merchant Travis Perkins PLC (LON:TPK) will post what analysts say is "a relatively important update" on Tuesday.

Investors will be wondering how the economic backdrop has impacted the company's third quarter, especially after Grafton's warning last week that UK business has been hit by "increased economic uncertainty" that was preventing consumers from spending on home improvement projects.

With such strong pressure from macro conditions, Peel Hunt said this might mean the benefits from Travis Perkins' operational improvements may be offset.

Also hotly anticipated will be news on sales at Wickes and the plumbing and heating division, which have been dividing consensus forecasts for adjusted results.

Anglo's diversity
Diversified miner Anglo American (LON:AAL) is to deliver third-quarter production reports on Tuesday.

Shares in many companies in the sector have stumbled in the last six months amid the ongoing trade war between the US and China, the world's two biggest economies and major base metals importers.

Anglo American could be a winner since it should be better protected from copper and iron ore volatility as its 80%-owned platinum group metals division Amplats turned a corner and has risen strongly this year thanks to rising demand for palladium, used in batteries, and platinum, which has benefited from a bullish precious metals market.

RBC Capital Markets rates the diversified miner a "top pick" and raised its target price to 2,300p, meanwhile Credit Suisse has rated it an "outperform".

Significant events on Tuesday 22 October:
Interims: Whitbread Group PLC (LON:WTB)

Trading statement: Anglo American plc (LON:AAL), Bunzl PLC (LON:BNZL), Gear4Music Holdings PLC (LON:G4M), Reckitt Benckiser Group PLC (LON:RB.), St James's Place PLC (LON:STJ), Travis Perkins PLC (LON:TPK)

AGMs: Accrol Group PLC (LON:ACRL), McBride (LON:MCB)

Economic announcements: UK public sector net borrowing, CBI industrial trends survey, US existing home sales, China policy decision

Business Headlines
Financial Times:

- Downing Street believes Boris Johnson is on course to secure a narrow victory when MPs vote on his Withdrawal Agreement bill, although the backlash was furious over his attempt to railroad the whole legislation process through parliament with extremely limited scrutiny.
- Justin Trudeau's Liberal party survived a multipronged challenge from both the left and right in Canada's general

election on Monday but he will return to power as the head of a minority government.
- Parties involved in opioid crisis litigation on Monday sketched out a $48bn proposal that could end thousands of lawsuits if four US states can convince their fellow plaintiffs to accept the deal from drugmakers and distributors.
- Botched public sector outsourcing contracts wasted at least £14.3 billion of taxpayers' money in the past three years, according to the think-tank Reform.
- Coty is exploring the sale of its professional hair and nail products business, including Wella and Clairol, as it seeks to cut debt.
- Adam Neumann, the flamboyant co-founder of WeWork, is favouring a $9.5bn rescue proposal from his largest investor that would pay him about $200m to cede his outsize voting power and chairmanship of the crisis-hit property company.

The Times:

- An influential think tank has questioned the value of a tax break for entrepreneurs, saying that it does little to promote business investment and only makes wealthy people even richer.
- More than £1 billion was wiped off Smith & Nephew's market value yesterday after its chief executive stood down only 18 months into the role amid a dispute about his pay.
- Investors keen for swift and substantial capital growth might prefer to own Prudential shares, writes Tempus, those seeking a reliable income might be better off with M&G.
- The Financial Reporting Council has criticised the lack of diversity at accountancy firms, where women make up only 17% of partner-level roles.
- An Israeli drug company accused of helping to fuel America's opioid addiction crisis has laid out a framework for a global settlement deal. Teva Pharmaceuticals said that it had offered $250 million in cash and a supply of Suboxone, an opioid addiction treatment, worth $23 billion to settle sprawling litigation against the company.
- The population of Britain is set to increase by three million over the next decade, with 80 per cent of the growth driven by immigration, according to official projections published yesterday.

The Daily Telegraph:

- Boris Johnson is expected to abandon Brexit legislation in Parliament rather than accept a customs union or second referendum, rebel MPs were warned.
- Campaigners ask the Treasury to investigate the City watchdog's handling of the Woodford failure amid concerns the regulator is shirking its responsibilities.
- Endemol Shine is on the brink of a €2 billion takeover by television company Banijay.
- British esports firm Gfinity almost doubled its revenues on the back of a surge in the popularity of professional video game tournaments.

The Guardian:

- Up to 12,000 Asda workers could lose their jobs next week, according to union officials, if they refuse to sign up to a new contract.
- Four major pharmaceutical companies agreed to a $260 million payout over the US opioid epidemic on Monday, hours before a landmark federal trial.

Daily Mail:

- PWC could face legal action over claims it leaked highly sensitive information about the scandal-hit insurer Quindell in 2015.
- Sirius Minerals has insisted there are no plans to take the business private following controversial comments made by its boss.

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