

Future PLC

17:03 15 Nov 2019

FTSE 100 stages late rally to close higher as markets cheer potential trade deal

- FTSE 100 index closes higher
- US stocks gain ground
- Inspirit Energy's surge continues
- Veltco raises the alarm

5.05pm: FTSE closed up

FTSE 100 index rallied from earlier lows and closed in positive territory on Friday as US stocks also headed north as traders were upbeat on a potential US, China trade deal.

The UK's premier share index closed up around ten points at 7,302, while the mid-cap FTSE 250 gained over 172 points to stand at 20,404.

The Dow Jones Industrial Average added around 146 points, while the broader based S&P 500 surged advanced around 16.

The White House economic advisor Larry Kudlow reportedly earlier said the two super economies were close to striking an accord, but he gave no definitive timing as to when it would happen.

"US equities are pushing higher after a shaky start, with equities having weathered options expiry in positive fashion," said Chris Beauchamp, the chief market analyst at IG.

"Kudlow's trade comments have provided the foundation for the bounce, and a solid bounce in US retail sales compared to a month ago has added fuel to the fire," he said.

"Even the lacklustre FTSE 100, which has spent the week diverging from the US in impressive fashion, is managing to stage a late rally.

The market analyst also said that talk of the Dow Jones at 30,000 by Christmas may not be quite so "far-fetched as previously thought".

3.25pm: Dull end to a drab week in sight

London's index of leading shares looks set to finish the day and the week on a low note.

The FTSE 100, after a bright start, has spent most of the day in the doldrums and is currently 17 points lower (0.2%) at 7,256.

"It's been another mixed day for markets in Europe with the FTSE100 underperforming as the Labour Party unveiled a plan to nationalise a good part of the UK broadband network. European markets have fared better with gains across the board, as investors take their cues from US officials that a deal is close to being sealed. Comments from Larry Kudlow, President Trump's chief economic advisor, which were followed by Commerce Secretary Wilbur Ross, that a phase one deal had a very high probability of happening, has helped maintain the late week optimism.

Price: 1452

Market Cap: £1.42 billion

1 Year Share Price Graph



Share Information

Code: FUTR

Listing: LSE

52 week High Low
1572 510

Sector: Media

Website: www.futureplc.com

Company Synopsis:

Future plc was founded in 1985 with one magazine, but now has operations in the UK, US and Australia creating over 180 special-interest publications, websites and events with a strong market position in games, film, music, technology, cycling, automotive and crafts. Future is traded in the ISDX Exchange [HERE](#).

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"It is notable however that while US markets have continued to make new record highs, European investors are more circumspect, unsurprising given we still haven't heard what President Trump's decision is likely to be on any suspension of EU auto tariffs, while the deteriorating situation in Hong Kong could also play a part in the overall phase one trade story," said CMC's Michael Hewson.

The top riser on the London market was Inspirit Energy Holdings Plc (LON:INSP), which more than doubled in price to 0.18p.

The shares started the week at 0.035p but Wednesday's announcement that it had been invited to demonstrate its Stirling engine application, developed for the company's mCHP (micro combined heat and power) boilers lit a fire under the shares.

Going the other way was Veltco Group PLC (LON:VLTY), which saw its share price almost halve after a trading update.

The online marketing company for the gaming industry cast doubts on its ability to continue trading as a going concern as it warned that income from its affiliate business had dropped right off as a result of reduced marketing activities.

2.40pm: New intra-day highs for US indices

The Dow Jones average quickly raced to a triple-digit gain when US markets opened.

The Dow was up 103 points (0.4%) at 27,885 while the broader-based S&P 500 was 11 points (0.4%) better at 3,108; both indices hit new all-time intra-day highs as investors bought into optimism over the progress of trade talks between US and China.

There was talk in some circles, however, that it may be too soon to say that the worst may be over for the global economy.

"A growing number of indicators suggest that the downturn in global trade and manufacturing is approaching the bottom. None of these indicators is reliable. Financial indicators, which tend to turn around well ahead of economic data, are too fickle for that. Economic surveys, which are more reliable but have only a short lead time over actual output, have not yet shifted enough to confirm an imminent turnaround. Still, the fact that many indicators are pointing in the same direction strengthens hope that the worst could soon be over," conceded Berenberg Economics.

"Since late 2018, we have maintained a simple call for the global economy: the downturn in global trade and manufacturing will end if and when the trade tensions stoked by US President Donald Trump start to fade. After these tensions escalated sharply in early May and then again in August 2019, the newsflow on trade and Brexit has turned neutral to mildly encouraging in the past three months," Berenberg added.

The FTSE 100 remained in negative territory but had wiped out most of the morning's losses at 7,280, down 12 points (0.2%).

Some equities, such as hotels and restaurants owner Whitbread plc (LON:WTB) received some love.

The shares topped the Footsie leader-board with a 3.9% gain at 4,349p, after Barclays Capital moved to 'overweight' from 'equal weight'.

1.45pm: US markets set to open higher

In the US, the S&P 500 looks set to break new ground but that is cutting little ice in Blighty, where shares remain dull.

The S&P 500 is expected open around 8 points higher at 3,104; the more narrow-based Dow Jones index is tipped to open at around 27,851, up 69 points from last night's close.

In London, the FTSE 100 was off the bottom at 7,268, down 24 points (0.3%) at 7,268.

In contrast, the FTSE 250 was in positive territory, up 74 points (0.4%), led by bus and trains outfit FirstGroup PLC (LON:FGP), which clawed back 6p of yesterday's losses to trade at around 111.4p; the stock had been sold off yesterday on concerns that the sale of its Greyhound bus was proceeding at more of a Dachshund pace than a Greyhound one.

Elsewhere in the FTSE 250, media company Future PLC (LON:FUTR) was 1.9% higher at 1,482p after raising full-year guidance.

Finabl PLC (LON:FIN), the payments platform operator, was 1.7% higher at 178.4p after announcing a list of heavy hitters - J P Morgan Cazenove, Goldman Sachs International and Barclays Bank PLC - as its corporate brokers.

12.05pm: Telecoms stocks in focus

The Footsie's losses have lengthened as the pound erased earlier losses against the US dollar.

London's gauge of large-cap shares was down 41 points (0.6%) at 7,252, while the mid-cap index, the FTSE 250, was down slightly less in percentage terms, with a 40 point (0.2%) fall to 20,192.

Attention has been firmly focused on the telecoms sector this morning.

First, the Labour Party's announced plans last night to nationalise BT's Openreach arm to provide "fast and free" full-fibre broadband for all, while this morning BT announced it had secured exclusive rights to all top flight European club football until 2024 today.

The shares were down 2.2% at 190.92p.

Free superfast broadband for all, Labour Party pledges ahead of UK election: The UK's main opposition party has promised to provide "fast and free" full-fiber broadband across the country by nationalizing parts of the BT Group.

Link - <https://t.co/XqmFtAIIY5>

— MacroTest (@Macrotestbot) November 15, 2019

Mid-cap sector peer Talktalk Telecom Group PLC's (LON:TALK) reported improved first-half profits as it added a record number of new super-fast broadband customers and cut costs too.

That was not enough to prevent the shares from sliding 3.1% to 105.2p, with traders apparently spooked by the thought of CityFibre's proposed acquisition of TalkTalk's FibreNation unit being yanked as a result of the Labour Party's broadband for all pledge.

Revealed: The proposed deal for CityFibre Holdings to acquire TalkTalk's FibreNation fast-fibre broadband unit - which was hours from being signed last night - appears to have been stalled by Labour's unexpected announcement of a plan to partly nationalise BT Group.

— Mark Kleinman (@MarkKleinmanSky) November 15, 2019 11.00am: Traders close positions ahead of the weekend London's blue-chips are now lower on balance, despite sterling losing a bit of ground on the foreign exchange markets.

The FTSE 100 was down 23 points (0.3%) at 7,270, with housebuilder Berkeley Group Holdings PLC (LON:BKG), down 2.8% at 4,449p leading the retreat, after Goldman Sachs downgraded the stock to 'sell' from 'neutral'.

Telecommunications giant BT Group PLC (LON:BT.A) continues to react fairly phlegmatically to the Labour Party's announcement that it wants to partly renationalise the company once known as the General Post Office.

BT's shares were down 2.4%.

"The company joins a list of stocks, which includes infrastructure funds, transport firms and utilities, whose fortunes are now tied up with what happens on 12 December," said AJ Bell's investment director, Russ Mould, referring to the date of the forthcoming General Election.

"The plan is to take the infrastructure bit of BT, Openreach, plus a few other bits of the business under state control. In combination with increased taxes on tech firms to fund investment in the broadband network, this is intended to deliver on a bold pledge of free broadband for all.

"The relatively muted share price response likely reflects investors' scepticism about the plan getting off the ground. Current polling suggests Labour is unlikely to win a majority in the looming election; however, if the party was to enjoy a late surge in the polls, BT shareholders might start to get a little bit more nervous," Mould opined.

10.00am: Miners shore up the Footsie

A fairly bright start, a wobble and then a recovery has been the Footsie story so far this morning.

London's top-shares index was up 18 points (0.2%) in mid-morning trade, helped by demand for mining stocks. Rio Tinto plc's (LON:RIO) shares ticked 2.3% higher after the giant miner vowed to subscribe to US\$221m in rights shares of subsidiary Energy Resources of Australia to clean up a uranium mine.

\$RIO Rio Tinto to fund uranium mine clean-up <https://t.co/k4oAEQWjke> via @proactive_UK @RioTinto #RIO #brighterir #AndrewScottTV

— Proactive (@proactive_UK) November 15, 2019

Sector peers BHP Group PLC (LON:BHP) and Glencore PLC (LON:GLEN) notched up gains of just under 2% as hopes grew of some sort of trade agreement between the US and China being agreed soon.

"Comments from White House economic advisor Larry Kudlow signalled an impending breakthrough in trade talks, yet this is the latest in a long line of optimistic Kudlow comments which have thus far proven ill-founded," observed party-pooper Joshua Mahony at IG Group.

AstraZeneca PLC (LON:AZN) dipped 6p to 7,310p despite gaining approval from the European Commission for its Qtrilmet type-2 diabetes drug.

8.25am: Positive end to the week

Trade negotiations and their status continued to dominate market sentiment even if talks between China and the US appear to be moving at a snail's pace.

London's traders seemed to be in more buoyant mood over the prospects for a peace accord with the index of UK blue-chips opening 31 points higher at 7,324.14.

"The actual optimism is again based on unilateral comments from the US officials," said a cautious Ipek Ozkardeskaya, analyst at London Capital Group.

"What's cooking in the White House may not look as appetizing to Chinese officials, who have made a clear statement this week that they won't sign off on an explicit amount of farm purchases."

The miners topped the risers' list led by Glencore (LON:GLEN), which was up 2% on hopes a trade deal could kick-start Chinese demand for commodities.

BT (LON:BT.A) was an early 2.5% faller amid talks that Labour is planning to renationalise part of the communications group.

Among the small-caps, the stand-out (for completely the wrong reason) was Veltco (LON:VLT), which lost 55% of its value after the online gaming specialist sounded the earnings alarm and painted a bleak picture for its ongoing prospects.

Proactive news headlines

Thor Mining PLC's (LON:THR) (ASX:THR) associate EnviroCopper has started field pumping tests at the Kapunda copper project in South Australia. EnviroCopper can earn up to 75% of the rights over metals produced by in-situ recovery at Kapunda. Thor holds a 25% interest in EnviroCopper an option to increase its stake to 30%.

AFC Energy PLC (LON:AFC), a leading provider of hydrogen power generation technologies, has announced the launch of its new **corporate website**. The new website reflects a stronger emphasis on brand and product identity, encapsulating AFC Energy's inaugural range of products, the HydroX-Cell(L)™ and HydroX-Cell(S)™ fuel cell ranges, together with the Company's proprietary anionic exchange membrane, AlkaMem™. The website is scheduled to go live at noon today, 15th November 2019, with exact timing determined by internet replication factors.

Instem PLC (LON:INS) is moving into safety assessment software with a US\$4.6m, earnings-enhancing US acquisition. It is buying Leadscope, which has developed a suite of products that use sophisticated artificial intelligence and machine-learning algorithms to predict potentially harmful drug side effects. Instem is handing over a mix of cash and shares for the Columbus, Ohio-based firm, with US\$3.35m paid on the deal's completion. This will be followed by a deferred US\$750,000 and a US\$500,000 "earn-out".

Europa Metals Ltd (LON:EUZ) has started mobilisation ahead of a diamond drilling campaign at the Toral project in north-west Spain. The drill programme is aimed at a target area to the west of the project's existing resource zone. It aims to prove up additional resources and upgrade confidence in the resource numbers.

CentralNic Group PLC (LON:CNIC) has confirmed that it is currently engaged in advanced discussions regarding the potential acquisition of Team Internet AG, which may or may not lead to a transaction being completed. CentralNic, which derives revenue from the subscription sales of domain names and web services, pointed out that Team Internet is a Munich-based business which is a subsidiary of Matomy Media Group Ltd (LON:MTMY).

Cabot Energy plc (LON:CAB) told investors it has appointed David Kimery as the chief executive of the group's Canadian subsidiary, Cabot Energy Inc, with immediate effect. Kimery replaces Paul Lafferty who was president of the Canadian vehicle.

Amryt Pharma PLC (LON:AYP), a biopharmaceutical company focused on developing and delivering innovative new treatments to help improve the lives of patients with rare and orphan diseases, announced that following the completion of a capital reduction, the company now has positive distributable reserves and it has agreed to repurchase 4,864,656 ordinary shares from certain institutional investors. In exchange for the ordinary shares, these institutions have been issued an equivalent number of nil cost warrants entitling the holder to subscribe for one ordinary share at nil cost. The company also announced that it has redeemed the one redeemable share in issue with a nominal value of £49,999.94.

Motif Bio PLC (LON:MTFB) (NASDAQ:MTFB) announced that at the General Meeting of the company held earlier on Thursday in New York, all resolutions put to shareholders were duly passed.

Open Orphan Plc (LON:ORPH), a European-focused, rare and orphan drug consulting services platform, announced that the company will be attending the Jefferies 2019 London Healthcare Conference on 20th-21st November 2019 in London, UK. Open Orphan said its chief executive officer, Cathal Friel, will be in attendance and will be doing one-on-one meetings with attendees at the conference.

Adamas Finance Asia Limited (LON:ADAM), the London quoted company focused on providing shareholders with attractive uncorrelated, risk-adjusted returns from a diversified portfolio of pan-Asian investments, announced that, further to its announcement on 21 October 2019, all conditions precedent in relation to the proposed equity investment in Infinity TNP have been fulfilled and the share sale and purchase agreement has now completed. Separately, the company also said late on Thursday that due to the current unrest in Hong Kong, it has postponed its annual general

meeting which was scheduled to be held there on Friday. The group added that if the situation in Hong Kong remains volatile in the near-term, the directors will consider moving the venue for the AGM.

6.45am: London called higher

London is expected to open on the front foot amid reports that US-China trade talks had made "very good progress".

Spread betting quotes indicated the FTSE 100, which tumbled 58 points yesterday to close at 7,293, will open around 34 points higher at 7,327.

In the US, White House economic advisor Larry Kudlow indicated that an agreement with China was close, although he added that President Trump "likes what he sees", but "he's not ready to make a commitment."

Nonetheless, that was enough to give a lift to the Hang Seng index in Hong Kong, which was up 32 points.

Elsewhere in Asia, Japan's Nikkei 225 was 178 points firmer at 26,355.

"What's cooking in the White House may not look as appetising to Chinese officials, who have made a clear statement this week that they won't sign off on an explicit amount of farm purchases," said Ipek Ozkardeskaya at LCG.

"The threat of more tariffs is real, on the other hand. The US will likely add 15% tariffs on US\$160 billion worth of Chinese imports, if a partial deal is not inked by December 15. With this, there is more clarity on what would happen if the two countries didn't come to an agreement within a month than what would happen if they did.

"Investors seem willing to stomach the risks, however. Today's optimism will likely push the US stock indices to fresh records at the opening bell. The S&P500 will likely open at an all-time high near 3108 level," the analyst added.

Last night, the S&P 500 moved 3 points higher to 3,097 but the Dow Jones Industrials Average share fell just 1.63 points to finish at 27,782.

On the UK corporate scene, the schedule is looking a bit on the thin side, save for high-flying media company, Future PLC (LON:FUTR), which is releasing its full-year results.

The company, which publishes titles such as PC Gamer and Guitar Player, is unlikely to give much guidance for the current financial year.

Investors are impatient to know more on the integration of Purch, which should be coming to an end, and Mobile Nations, where investors are looking for details on the drivers of its exceptional performance to date.

Deutsche Bank initiated Future this week with a 'buy' rating, slapping a target price of 1,562p on the stock.

"Future has been significantly re-rated, following two years of extraordinary operational and share price performance, fuelled by value-enhancing M&A and strong underlying growth", the investment bank's analysts said, adding that things are looking good for the group whose end markets are now "more dynamic", even while it retains some heritage titles.

Significant announcements expected on Friday:

Finals: Future PLC (LON:FUTR)

Interims: Fuller Smith & Turner PLC (LON:FSTA)

AGMs: Berkeley Energia Ltd (LON:BKY), Kier Group PLC (LON:KIE)

Economic announcements: EU inflation, US retail sales, US industrial production

Around the markets:

- Sterling: US\$1.2877, up 0.03 cents
- 10-year gilt: yielding 0.71%, up 5.28 basis points
- Gold: US\$1,464.70 an ounce, down US\$8.70
- Brent crude: US\$62.48 a barrel, up 20 cents
- Bitcoin: US\$8,571, down US\$89

City headlines: Financial Times

Google is set to address some user privacy concerns by stopping advertisers viewing personal data

Burberry registered strong growth in China, Korea and Japan but took a knock in Hong Kong where sales were down by more than 10% year-on-year.

Norway's US\$1 trillion oil fund is binning its shares in G4S over human rights issues in the Middle East.

National Grid has expressed confidence in its ability to address concerns raised by the governor of New York over gas supplies.

The Daily Telegraph

BMW boss Oliver Zipse has fuelled further speculation that the German car titan could snap up a stake in Jaguar Land Rover.

Weakening global economy could undermine universities' finances as slow growth hits the Government's accounts and makes rich donors less likely to send cashback to their old colleges, Moody's Investor Services has warned.

The German economy narrowly dodged a recession as consumers and the Government increased spending enough to stave off another fall in output.

Mike Lynch, the British billionaire who founded scandal-hit software company Autonomy, faces an extradition battle after American authorities formally requested he be forced to face fraud charges in a US court.

The Times

Walmart has posted stronger quarterly sales than expected and raised its profit forecast, providing reassurance about the power of the American consumer heading into the holiday shopping season.

WeWork racked up losses worth \$1.25 billion in the third quarter as it tried to accelerate growth before a potential stock market flotation.

Losses at First Group have widened after it booked a £124 million charge on the struggling American coach service Greyhound that it is seeking to offload.

Camelot has reported record first-half National Lottery ticket sales, boosting its chances of winning a new licence.

Retail sales fell unexpectedly last month by 0.1% in a sign that consumers are becoming more cautious about their personal finances.

Exports from Britain's factories are shrinking as manufacturers feel the pinch, the British Chambers of Commerce warned.

The Guardian

Mercedes-Benz is planning to cut more than 1,000 jobs to save €1.65 billion, in a move it blamed on heavy cost of investing in electric vehicles just as traditional car sales slow.

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