

Kingfisher plc

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FTSE 100 closes lower ahead of Fed minutes as trade worries persist

- FTSE 100 closes down 61 points
- Global markets lower
- Royal Mail falls as Christmas strike threat re-emerges

5.15pm: Footsie falls

FTSE 100 index joined global stocks to head lower mid-week as investor pessimism over trade and events in Hong Kong grew.

Britain's blue-chip benchmark closed down around 61 points at 7,262, while FTSE 250 shed around 53 points at 20,475.

On Wall Street, shares also sank. The Dow Jones Industrial Average shed over 88 points at 27,044. The S&P 500 lost around five at 3,115, while the Nasdaq index lost around seven points.

"President Trump has threatened to slap 'even higher tariffs' on Chinese imports if an agreement is not reached. To add to the mix, the US Senate, passed a bill backing the human rights of the people in Hong Kong, and that has annoyed the Chinese government," said David Madden, market analyst at CMC Markets.

"The unrest in the financial hub has been widely reported, and it appears the US government are keen to see a return to normality to the region. Beijing views this as Washington DC sticking their nose into their business, and traders are bracing themselves for tough rhetoric from China, hence why equities are lower."

Attention will now turn to the Fed minutes, which will be poured over for any hint of the next interest rate rise, which is currently priced in to occur in April 2020. The wide-spread view is that the tone of the Central bank will be one that focuses on stability.

3.30pm: FTSE 100 firmly negative in late-afternoon; Royal Mail PLC slides as union appeals strike injunction

As London approached the final hour of Wednesday's session, the FTSE 100 has failed to make any attempt to pull out of its slump and was 66 points lower at 7,257 at 3.30pm.

Worries over trade have hampered investors appetite on both sides of the Atlantic, while a decline in oil prices has put pressure on the shares of the index's oil majors.

Shares in Royal Dutch Shell PLC (LON:RDSB) sank 1.4% at 2,236p while rival BP PLC (LON:BP.) fell 1.6% lower at 494.1p.

The biggest faller among the blue-chips is DIY group Kingfisher plc (LON:KGF), which dropped 6.7% to 194.9p following a disappointing third quarter, while Scottish Mortgage Investment Trust PLC was top of the risers with its shares up 1.2% at 516.5p.

Price: 213.8

Market Cap: £45.01 m

1 Year Share Price Graph



Share Information

Code: KGF

Listing: LSE

52 week High Low
268.2 185.9

Sector: Retail

Website: www.kingfisher.com

Company Synopsis:

Kingfisher is Europe's leading home improvement retail group and the third largest in the world, with leading market positions in the UK, France, Poland, Turkey and China.

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Meanwhile, in the FTSE 250, post group Royal Mail PLC (LON:RMG) found itself on the back foot following news that the Communications Workers Union (CWU), which represents a large portion of its workers, said it had decided to appeal against a High Court injunction blocking strike action next month.

Royal Mail succeeded in an effort to block the action last week when it cited "potential irregularities" in the CWU's ballot for the strike, however, today the CWU said it had lodged an appeal against the ruling.

If the stoppage goes ahead it will be Royal Mail's first national postal strike in ten years and during a critical period for delivery firms.

The news sent Royal Mail shares down 2% to 227.9p.

2.45pm: US markets start lower as trade and Hong Kong weigh

As expected, Wall Street began Wednesday's session in the red as concerns as trade jitters and the potential fallout of Hong Kong's protests dampened sentiment in New York.

Shortly after the opening bell, the Dow Jones Industrial Average was down 0.18% at 27,882 while the S&P 500 slipped 0.12% to 3,116 and the Nasdaq fell 0.25% to 8,549.

"We've gone from a phase one [trade] agreement apparently being reached, ready for signing at this month's APEC summit - which was then cancelled - to both sides failing to agree on tariff rollbacks, among other things, and a deal this year looking less likely", said OANDA's Craig Erlam.

"While some of Trump's team have been keen to stress the progress that has and is being made, without an agreement on tariffs, it will all be for nothing. And stock markets, which have rallied since Trump announced the deal, could suffer the consequences of talks once again breaking down", he added.

The US Senate's passage of the Hong Kong Human Rights and Democracy Act, which stipulates that the US could revoke Hong Kong's special trading status if the region's government does not abide by human rights laws, is also likely to be a major irritant for Beijing as it seeks to contain a burgeoning pro-democracy movement in the city.

In London, the FTSE 100 was still in the doldrums, down 76 points at 7,247 at around 2.45pm.

1.30pm: Lower start expected on Wall Street

US markets are expected to begin Wednesday's session on the back foot as concerns over the global trade picture are once again threatening to pour cold water on any optimism.

Threats from Donald Trump overnight that he may hike US tariffs higher if a deal isn't reached, as well as the recent passage of US legislation in the Senate in support of Hong Kong's pro-democracy protestors, are unlikely to garner a positive response from Beijing.

Aside from the trade picture, the market will also be awaiting the minutes from the Federal Reserve's October meeting for any guidance on what the central bank's monetary policy will be going forward.

On the company front, shares in retail giant Target Corp (NYSE:TGT) were one of the early winners in the pre-market, rising 9.1% to US\$120.9, after the group reported third quarter earnings that came in at US\$1.36 per share, up from US\$1.09 last year and above estimates of US\$1.19.

Back in London, the FTSE 100 had recovered somewhat in early afternoon but was still deep in the red, down 65 points at 7,258 shortly before 1.30pm.

11.40am: FTSE 100 logs 100 point loss into lunchtime

As midday approached the FTSE 100 had suffered a triple-digit loss as the index tumbled 102 points to 7,221 shortly after 11.30am.

Traders have been rattled by renewed threats by US president Donald Trump that he may raise tariffs on Chinese goods "even higher" if the two sides fail to reach a trade deal, leaving many expecting a similarly incendiary response from the Beijing government.

"Beijing have a track record of standing up to Trump so the trading relationship is likely to be strained in the near-term", said David Madden at CMC Markets.

On the company front, the biggest blue-chip faller in late-morning from B&Q owner Kingfisher plc (LON:KGF), which was down 6.8% at 194.6p after sales in its third quarter declined by 3.7% year-on-year to £2.96bn, and its new chief executive Thierry Garnier said we would focus on fixing the group's "operational issues" in France going forward.

The index's major oilers were also on the slide, with Royal Dutch Shell PLC (LON:RDSB) down 1.9% at 2,225.5p and BP PLC (LON:BP.) falling 1.8% to 492.9p.

At the other end of the scale was chemical group Croda International Plc (LON:CRDA), which was the FTSE 100's biggest riser, up 0.8% at 4,480p.

Meanwhile, currency traders had little love for the pound, which was 0.18% lower at US\$1.2899 against the dollar following Tuesday night's lacklustre election debate between Boris Johnson and Jeremy Corbyn.

"The Conservative Party has been outperforming the Labour Party in the past few weeks, but commentators suggest that last night's leaders debate was a draw", Madden said, although added that sterling was likely to hold on to its gains since September as long as the Tories remain ahead in the polls.

10.20am: FTSE 100 pulled down by energy stocks; Fevertree fizzes despite UK troubles
Into mid-morning, the FTSE 100 had continued its descent and had sunk 76 points to 7,247 shortly after 10am.

Key weights on the blue-chip index are the oil majors, which are currently struggling in the face of a declining oil price, with Brent crude having fallen 4% so far this week and is currently in danger of slipping below US\$60 a barrel.

London Capital Group's Jasper Lawler said higher US stockpiles and "more sanguine views" on the US-China trade was causing the downturn in oil prices.

He added that the higher US stockpile was "fuelling concern of oversupply, something OPEC seems unwilling to tackle at its upcoming meeting in December".

"Reports suggest Russia has ruled out further output cuts in its arrangement with OPEC nations known as OPEC+", Lawler said.

Shares in Royal Dutch Shell PLC (LON:RDSB) were down 1.7% at 2,246.5p in mid-morning trading, while rival BP PLC (LON:BP.) slipped 1.4% to 495p.

Meanwhile, on AIM, posh tonic maker Fevertree Drinks PLC (LON:FEVR) was one of London's biggest risers, up 9.9% at 2,043p, as investors decided to focus on accelerated growth in the company's international markets as opposed to a warning that revenues will miss expectations due to a weaker than expected performance in the UK.

"If you take a step back and look at the bigger picture, Fevertree is still doing very well. Everyone knew the UK business would eventually mature and we're now moving towards that stage. The real problem would have been Fevertree's failure to achieve success in the US, something which has been the case with many other British companies", said AJ Bell's investment director Russ Mould.

"So far it is doing a great job stateside and so today's warning that group revenue will come in slightly below analyst expectations is hardly a sign that everything has gone wrong with the business", he added.

8.30am: FTSE 100 hits reverse gear on trade worries

The FTSE 100 opened firmly in the red after Donald Trump ramped up Sino-American trade tensions.

The US president threatened to raise tariffs on China if a ceasefire deal can't be concluded.

"The Donald will be fighting another Presidential election next year so he can't be seen to be softening his stance unless Beijing give into major concessions - which they are unlikely to do," said David Madden, analyst at CMC Markets.

"The fact the stand-off between Beijing and Washington DC didn't move in either direction yesterday brought about a lacklustre trading session in the US too."

Here in London all the price action was in the retail space after B&Q owner Kingfisher's (LON:KGF) quarterly update, which inspired an 8% fall in the share price.

Like-for-like sales were down over 3%, which new chief executive Thierry Garnier admitted was "disappointing".

Dropping down a division and pub chain Mitchells & Butlers (LON:MAB) recorded a strong rise in full-year profits, prompting a 5% jump in its stock.

Proactive headlines

SkinBioTherapeutics PLC (LON:SBTX) has inked a commercial agreement for its skincare product with FTSE 100 specialty chemical company Croda International.

Integumen PLC (LON:SKIN) says a project in Ireland to test reservoir water for E.coli returned results with almost 100% accuracy in a matter of seconds.

InnovaDerma PLC (LON:IDP) has launched a new 'Choc' range of its Skinny Tan products across 680 Superdrug stores in the UK.

Scancell Holdings PLC (LON:SCLP) said it is close securing to further protection for its technology from the European Patent Office.

Argentex Group PLC (LON:AGFX) said the current political environment in the UK is expected to be positive for the business, while uncertainty is expected to present short-term opportunities.

Grit Real Estate Income Group Ltd (LON:GR1T) has acquired more shares in Letlole La Rona Limited (LLR), a property firm listed on the Botswana Stock Exchange.

Circle Property PLC (LON:CRC) has unveiled two new lettings at the Concorde Park in Maidenhead, the first since the firm acquired the park in August.

European Metals Holdings Limited (LON:EMH) has conditionally agreed to sell a 51% stake in the Cinovec lithium project in the Czech Republic for €34mln.

Metal Tiger Plc (LON:MTR) was boosted by the nominal purchase of more shares in Australian group Cobre Pty Ltd two months before the latter is due to list on the Australian Stock Exchange.

Bluejay Mining PLC (LON:JAY) has conditionally raised £11.5mln from City institutions and government-backed venture funds to continue developing its various projects in Greenland.

Falcon Oil & Gas Ltd (LON:FOG, CVE:FO) told investors that it has completed drilling the vertical section of the Kyalla

117 N2-1 appraisal well, in Australia's Beetaloo basin.

SDX Energy Plc (LON:SDX) appointed Amr Al Menhali as non-executive director of SDX, after he was made chief executive officer of Waha Capital, SDX's largest shareholder.

Amphion Innovations PLC's (LON:AMP) chief executive has bumped up stake in the tech and medical business development group up to 23.7%, as it ramps up efforts to pay down debts with a view to resuming trading on AIM.

Symphony Environmental Technologies PLC (LON:SYM) announced changes to options held by directors of the company, and also granted options to non-executives Shaun Robinson and Robert Wigley.

Amur Minerals Corporation (LON:AMC) will make a presentation on the current status of the Kun-Manie project and the strategic plan on Wednesday 4 December at The Society of Chemical Industry in London.

6.45am: FTSE 100 tipped to nudge higher

The FTSE 100 is expected to open marginally higher on Wednesday, but a lack of any new news may leave many traders struggling for direction.

Spread-better IG expects the FTSE 100 to open just 2 points higher after ending Tuesday's session up 16 points at 7,324.

The flat start followed a mixed finish on Wall Street on Tuesday after doubts over a US-China trade deal dampened optimism ahead of a planned increase in tariffs on 15 December.

The Dow closed 0.36% lower at 27,934 on Tuesday, while the S&P 500 was 0.06% lower at 3,120. The one exception was the Nasdaq, which closed 0.24% higher at 8,570.

Trade was also causing issues for markets in Asia this morning after Trump threatened to hike tariffs even further if a deal cannot be reached between Washington and Beijing.

The Japanese Nikkei 225 was 0.62% lower on Wednesday, while Hong Kong's Hang Seng fell 0.69%.

Asian equities were also under pressure after Japan reported its worst decline in exports for three years, as well as new legislation passed in the US senate overnight in support of Hong Kong's pro-democracy protestors.

On the currency markets, the pound was down 0.1% at US\$1.2908 against the dollar, with the almost 'dead heat' performance of both Boris Johnson and Jeremy Corbyn at Tuesday's night's general election debate failing to provide any catalysts for movement.

Significant events for Wednesday 20 November:

Trading statements: Kingfisher plc (LON:KGF), Direct Line Insurance Group PLC (LON:DLG), Inmarsat Plc (LON:ISAT), Breedon Group PLC (LON:BREE)

Finals: The Sage Group plc (LON:SGE), Mitchells & Butlers PLC (LON:MAB), SSP Group plc (LON:SSPG)

Interims: Babcock International Group PLC (LON:BAB), United Utilities Group PLC (LON:UU.), Creightons PLC (LON:CRL), Intermediate Capital Group PLC (LON:ICP), Liontrust Asset Management PLC (LON:LIO), U and I Group PLC (LON:UAI), Alpha Financial Markets Consulting PLC (LON:AFM), Argentex Group PLC (LON:AGFX),

AGMs: Rainbow Rare Earths Ltd (LON:RBW)

Economic announcements: US oil inventories, US MBA mortgage applications

Around the markets:

Sterling: US\$1.2908, down 0.01%

Brent crude: US\$60.75 a barrel, down 0.26%

Gold: US\$1,475.1 an ounce, up 0.12%

Bitcoin: US\$8,108, down 0.2%

City headlines:

G4S could be booted out of a leading ethical index as soon as next month after it was blacklisted by Norway's state wealth fund for its human rights track record - Daily Mail

Cobham's shares jumped yesterday after its £4 billion takeover by an American private equity group was back on track with the business secretary saying she was minded to clear the deal - Times

Airlines at the Dubai airshow have announced plans to order up to 50 of Boeing's 737 Max jets worth \$6 billion despite a global grounding in place since March - Guardian

SoftBank is in advanced talks to take over KPMG's private club in London after regulators raised client perks concerns - Financial Times

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