

Coats Group PLC

17:17 22 Nov 2019

FTSE 100 closes firmly higher as stocks boosted by weaker pound

- FTSE 100 closes up 88 points
- US stocks higher too
- The UK services PMI falls to 40-month low, manufacturing also dips
- European PMI data shows services weakening

5.30pm: FTSE 100 closes up

FTSE 100 jumped back into positive territory on Friday, closing firmly higher, with its dollar earning constituents bolstered by the weaker pound.

Britain's blue-chip index closed up around 88 points at 7,326.

The FTSE 250 higher too, adding over 115 points to stand at 20,485.

On the week as a whole, FTSE was also up - around 0.32%.

Against the US dollar, sterling dropped 0.62% as traders sold off the currency following disappointing UK private sector data for this month, while in the US, factory and services sector activity picked up in November.

"Equities are advancing once more, bolstered by hopes that a China trade deal is still a possibility before the end of the year," noted Chris Beauchamp, the chief market analyst at IG

"'Very close' could mean a variety of things, but it was enough to create a more positive outlook for equities. Some of that was however diminished following suggestions that the Federal Communications Commission will vote to designate Huawei and ZTE as security risks. There is still plenty that can go wrong where trade talks are concerned. Low readings in volatility continue, with the bounce earlier in the week being mostly faded, and as a result downside for stocks continues to be limited."

On Wall Street, the Dow Jones Industrial Average added over 76 points at 27,843. The S&P 500 added around three to 3,107.

4pm: FTSE keeps up gains

The FTSE kept up the day's gains, as sterling stayed weak and boosted the blue chip index.

The pound plummeted today after UK PMI surveys showed the crucial services sector slowed in November, while the manufacturing decline continued.

"Nasty, nasty numbers," said Connor Campbell at Spreadex, "so bad that sterling was swiftly booted into the red."

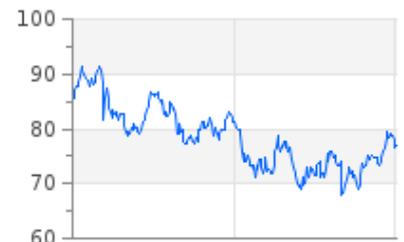
The FTSE 100 was up 1.4% or 101 points at 7,339

But marketwatchers are likely to be retained on politics this evening, as candidates for the UK general election are due to speak at 7pm tonight.

Price: 75.6

Market Cap: £1.09 billion

1 Year Share Price Graph



January 2019 July 2019 January 2020

Share Information

Code: COA

Listing:

52 week	High	Low
	92.2	65.3

Sector: Fashion & brands

Website: www.coats.com

Company Synopsis:

With a rich heritage dating back to the 1750s, Coats is the world's leading industrial thread and consumer textile crafts business.

action@proactiveinvestors.com

Boris Johnson, Jeremy Corbyn, Nicola Sturgeon, and Jo Swinson will appear in a leaders' television special ahead of the 12 December election.

Ahead of the big event, Welsh party Plaid Cymru unveiled their manifesto, promising investment in rail and bus travel and a new offshore wind farm.

The Brexit Party unveiled policies including a cap on permanent immigration and a large-scale tree planting programme.

Andy Scott at JCRA said: "The outlook for sterling meanwhile very much hangs on the outcome of the election, with the currency reacting positive to a number of voting intention polls that give the Conservatives a double-digit lead over the Labour party.

A Conservative majority government is "seen as a positive for the currency", with a Labour outcome potentially risky for the economy, while "prolonging the Brexit uncertainty through another renegotiation of the withdrawal agreement."

3.30pm: US and China make positive noises over trade deal

London's blue-chip index made the most of the pound's downward spiral, outstripping its morning gains.

The pound fell against the dollar after weak manufacturing and services data this morning, boosting the FTSE 100 index.

Miner Glencore led the pack, with a rise of almost 4% on renewed hopes for world trade.

Pharma giant AstraZeneca PLC's (LON:AZN) was also jostling not far behind with 2% higher stocks, as markets were impressed by FDA approval for its leukaemia drug.

The FTSE 100 rose 100 points to 7,339, or 1.4%, which will be the best day on the London market since July if it can cling on to gains today.

Meanwhile across the pond, Wall Street bounced higher on trade hopes.

In the US, President Donald Trump added fuel to China trade optimism saying that a deal is "potentially very close" following worries that a deal might not be reached before the year is out.

"The bottom line is, we have a very good chance to make a deal," Trump said on television programme "Fox and Friends," one day after the House Democrats finished its second week of public impeachment hearings.

The Dow jumped 0.3% to 27,849.81 points.

1.45 US to open high on China trade optimism

Wall Street looks ready to rebound after three consecutive days of losses as traders look for clarity about US-China trade negotiations.

China's President Xi Jinping drove optimism in the markets when he was quoted as saying during a forum in Beijing: "We want to work for a Phase 1 agreement on the basis of mutual respect and equality."

Hopes of a deal continue to look fragile, with Donald Trump soon expected to pass a bill intended to support protesters in Hong Kong, which has already been approved by Congress, which is likely to anger China.

Xi added that China would "fight back" if necessary, but said that they have been "working actively to try not to have a trade war."

Talking heads expect a jittery session on Wall Street as US and China continues to unnerve traders.

"Despite expectations that Trump will sign a pro-activist Hong Kong bill, we have heard from Xi Jinping overnight who stated that they still hope to put together a phase one deal," said Joshua Mahony at IG.

He added: "Ultimately, we will need to see a shift on the US side, with the removal of tariffs key to getting that deal across the line."

US economic data may also continue impacting trade after yesterday's employment data marked the most jobless claims in five months.

Futures for the Dow Jones trickled up 52 points in pre-market trading to 27,800 points.

The FTSE 100 also kept climbing, led by biggest riser Centrica PLC (LON:CAN), which gained almost 4% as it continued its rally from yesterday.

The blue chip index was up 1.35% at 7,336.16 points.

11.30: Sterling weakens against the dollar on bleak economic data

The Footsie continued its rise after bleak economic data prompted the pound to fall below \$1.29 handle.

The first ever flash PMI readings for the UK showed a contracting level of activity for both the manufacturing and services sector.

"Looking under the hood we can see further signs for concern, with drops in output and new orders and while this could be explained away due to the heightened political uncertainty ahead of next month's election there is little doubting the fact that the UK economy has pretty much ground to a halt," said David Cheetham at XTB.

Eurozone PMIs were more of a mixed bag, with declines in the services sector somewhat offset by better-than-feared manufacturing figures.

Andy Scott, associate director at JCRA, added: "sterling reacted negatively to today's data which points to economic activity declining in November, as it supports the case made by two MPC members who voted for a rate cut last month."

The BoE's decision to keep interest rates steady was marred by two dissenters on the committee, who voted to follow US's lead and cut interest rates.

Elsewhere, European markets gained ground in Germany and France, but in general there was a muted reaction to the first appearance of the new ECB governor, Christine Lagarde, who kept talk pretty vague with few big ticket announcements to drive markets.

The former French finance minister encouraged governments to hike spending, said there is "a cross-cutting case for investment in a common future" as growth and investment slow.

Lagarde said that traders will get to hear about plans for monetary policy when an impending strategy review is presented at the next ECB meeting in December.

The FTSE rose 71 points, or 0.98% to 7,309.82.

10.20 Footsie jumps at sharp drop in UK private sector

The Footsie took a disappointing set of macro data releases in its stride, as traders returned to reading the US-China trade talk tea leaves.

London's index of large-cap shares was up 68 points at 7,306, helped by sterling losing around a third of a cent against the US dollar.

The IHS Markit / CIPS Flash UK Composite PMI (Purchasing Managers' Index) releases did not make for pretty reading.

The headline Composite Output Index - which is based on about 85% of the usual monthly replies - registered 48.5 in November, down from 50.0 in October and below the crucial 50.0 no-change value.

Reports from survey respondents largely attributed weaker domestic economic conditions to a lack of clarity concerning Brexit, alongside a fresh injection of business uncertainty from the forthcoming general election. IHS Markit reported.

In the manufacturing sector, there were also reports that customer overstocking ahead of the Brexit deadline on 31st October had acted as a headwind to production volumes in November, the market research firm added.

"With an upcoming general election adding to Brexit-related uncertainty about the outlook, it's no surprise to see UK businesses reporting falling output and orders in November," said Chris Williamson, the chief business economist at IHS Markit.

"The decline signalled by the flash PMI follows stagnation in October and adds to what has been the survey's worst spell since the recession of 2008-9.

"The weak survey data puts the economy on course for a 0.2% drop in GDP [gross domestic product] in the fourth quarter, and also pushes the PMI further into territory that would normally be associated with the Bank of England adding more stimulus to the economy," Williamson noted.

"While Brexit issues such as stock-building and car factory closures have led to volatile GDP data so far this year, making monetary policymaking especially difficult and encouraging the Bank of England to sit on its hands until the fog clears, the PMI surveys are not only warning that the underlying trend in the economy is deteriorating markedly, but also that the labour market is cooling. A worsening jobs market has the potential to feed through to weaker consumer spending and slower wage growth, thereby undermining two of the key supports to the economy in recent months. The big question will be just how long can the Bank of England hold its nerve in keeping policy unchanged," Williamson said.

Duncan Brock, the group director at the Chartered Institute of Procurement & Supply (CHIPS) chipped in with his comments.

"With the longest stretch of weak numbers for a decade, the headline figure is a sad sight to behold. New orders fell at the fastest pace since July 2016, as domestic and overseas clients, worn-out by continuing political indecision withdrew from the marketplace, reducing overall activity in the manufacturing and services sectors," Brock said.

Our newly-released UK flash PMI data showed combined manufacturing and services output falling at the sharpest rate for over three years. Weakness notably evident in services, while stock-building ahead of Oct 31st was put into reverse in manufacturing. <https://t.co/nEhWObM> [pic.twitter.com/XzIRS9wHE4](https://t.co/nEhWObM)

— IHS Markit PMI™ (@IHSMARKITPMI) November 22, 2019 9.45am: The sharpest drop in UK private sector output since July 2016

Markit Economics said the UK Services Business Activity Index for November hit a 40-month low of 48.6, down from 50.0 in October.

The UK Manufacturing Output Index hit a two-month low of 48.3, down from 49.7 while the UK Manufacturing Purchasing Managers' Index also fell to a two-month low, of 48.3, down from October's 49.6.

The UK Composite Output Index hit a 40-month low of 48.5, down from 50.0 the month before.

The FTSE 100 index was up 61 points (0.8%) at 7,299.

#Manufacturing #PMI in the United Kingdom decreased to 48.30 in November from 49.60 in October of

2019.#EURUSD #GBPUSD #FOREX #FUTURES #DGCX pic.twitter.com/qKOFbF82qS

— EGM Futures (@EgmFutures) November 22, 2019 8:50am: Cautious optimism over trade talks boosts the Footsie
Cautious optimism over the state of trade talks translated into a sharp jump in the FTSE 100, which looks set to finish the week on a high.

However, the mood could change dramatically if UK data on the manufacturing and service sectors later points towards recession.

"The uncertainty surrounding Brexit has caused an economic malaise in the UK, and investment has tapered off, so the reports will provide an insight into the health of the British economy," said David Madden, an analyst at CMC Markets.

The miners, buoyed by trade hopes, were in demand with Chile-focused copper digger Antofagasta (LON:ANTO) leading the index with a 2.4% gain.

On the flipside, Fresnillo (LON:FRES), a silver miner, was hit by a fall in precious metal prices.

On the FTSE 250, Coats Group (LON:COA), the sewing thread specialist, tanked 12% after it sounded the earnings alarm.

Proactive headlines

Chesnara PLC (LON:CSN) is acquiring life products and savings plans from the Netherlands operation of Belgian-owned Argenta Bank-en Verzekeringsgroep for £25m.

Mobile commerce company Bango PLC (LON:BGO) said its Audiens subsidiary has hit revenue and other targets two months ahead of schedule.

Live Company Group PLC (LON:LVCG) has expanded its agreement with children's entertainment group Nickelodeon to hold themed BRICKLIVE events across more countries following successful tours in the UK.

Mobile commerce company Bango PLC (LON:BGO) said its Audiens subsidiary has hit revenue and other targets two months ahead of schedule.

Haydale Graphene Industries PLC (LON:HAYD) has appointed Mark Chapman as its new chief financial officer, starting immediately.

Ariana Resources PLC (LON:AAU), the exploration and development company operating in Turkey, hailed a record gross quarterly income from its jointly-owned Kiziltepe Mine.

Strategic Minerals PLC (LON:SML) has unveiled the results from an updated feasibility study on the first stage of development at its Leigh Creek copper mine in Australia, ahead of starting its three-phase development programme.

Kavango Resources PLC (LON:KAV) said its early drilling programme in Botswana has "demonstrated the effectiveness of the company's exploration methodology".

Galantas Gold Corp (LON:GAL) has warned that blasting restrictions at the Omagh mine in Northern Ireland are having a significant impact on its operations and financial situation.

Base Resources Limited (LON:BSE) is continuing to talk with the government of Madagascar over the fiscal terms for its Toliara minerals sands project.

Platinum and chrome miner Tharisa PLC (LON:THS) says earnings fell sharply last year due to the impact of lower

production and weak chrome prices.

Plexus Holdings Plc's (LON:POS) POS-GRIP 'HG' sealing system has been verified for use in temperatures ranging from -59 to 204 degrees Celsius under pressure of 10,000 psi.

SDX Energy Plc (LON:SDX) has highlighted a better than expected initial performance from the South Disouq field in Egypt.

Mosman Oil & Gas Ltd (LON:MSMN) told investors that it has been informed by the Northern Territory Government that it has approved a 12 month suspension to 'Year 3' commitments for the Amadeus basin project.

Falcon Oil & Gas Ltd (LON:FOG, CVE:FO) showed its strong financial position as its interim financial statement confirmed US\$13mln of cash at the end of September.

Shares in G3 Exploration Limited (LON:G3E) restarted trading on London's main market on Friday after a trading halt a day earlier was lifted.

Angling Direct PLC (LON:ANG) has won the "outstanding achievement" award at the Norfolk Business Awards held on Thursday night.

Security specialist Westminster Group PLC (LON:WSG) has appointed John Maynard Mawuli Ababio as a non-executive director. Mawuli Ababio, aged 60, is banker with over 30 years' experience in structuring private equity and project financing transactions in Africa.

Brady PLC (LON:BRY) has promoted Nick Greatorex to non-executive chairman immediate effect after Ian Jenks and fellow non-executive director Bob Beveridge both stepped down.

Eco (Atlantic) Oil and Gas Ltd (LON:ECO) notified that 456,000 shares had been bought up by board members at prices from 55.25p to 56.85p, and C\$0.86 to C\$0.997.

6.39am: FTSE 100 called higher

London's index of leading shares was expected to claw back most of yesterday's losses, ahead of the release of UK manufacturing and services data.

Spread betting quotes suggest the FTSE 100, which fell 24 points yesterday to close at 7,239, will open around 20 points higher this morning, despite a soft session on Wall Street yesterday.

State-side, the Dow Jones fell 55 points to 27,766 and the S&P 500 dipped 5 points to 3,104.

As always seems to be the case these days, the market looks set to dance to whatever mood music is emanating from the US-China trade talks.

According to Robert Carnell, the chief economist for the Asia-Pacific region at ING Economics, hope for a trade deal has returned.

"Yesterday's suggestion from China's Liu He that he was still 'cautiously optimistic' on a trade deal and invitation of Robert Lighthizer to Beijing for more talks, should have had a more positive effect than that," Carnell said, referring to equity markets' insipid performance yesterday.

"The US spending bill also passed yesterday, though not related to trade, this should also have been positive, and the Congressional pro-democracy bill for Hong Kong SAR, though awkward, does not seem to be wrecking the deal's chances either. That bill has resulted in a fully anticipated rebuke from China. There is, however, no suggestion as yet that China is inclined to link this bill to any trade deal, and that is also positive. The furore over the bill could die down in a couple of days.

"We have also heard more suggestions, as I wrote yesterday, that tariffs due on 15 December could be deferred and that has to be good news, if true. We await confirmation," he added.

In Asia this morning, markets are heading north. Japan's Nikkei 225 was up 90 points at 23,128 while Hong Kong's Hang Seng index was 71 points heavier at 26,538.

Closer to home, a trading update from FTSE 250 zip and fastener maker Coats Group PLC (LON:COA) is the only major entry in the corporate diary.

However, there may be something for traders to nibble on in the form of the UK's flash PMI readings for the manufacturing and services sectors.

The UK manufacturing Purchasing Managers' Index (PMI) and services PMI readings are expected to be 49 and 50 respectively.

"The uncertainty surrounding Brexit has caused an economic malaise in the UK, and investment has tapered off, so the reports will provide an insight into the health of the British economy," according to David Madden at CMC Markets.

There will also be a small smattering of data from across the pond in the form of the latest US Michigan confidence index and the US PMIs.

"In the US, we expect the preliminary manufacturing PMIs for November to be broadly unchanged. Markit PMI orders-inventory balance suggests stronger PMI manufacturing in November, but ISM manufacturing has been below 50 the past couple of months. We believe that both PMI and ISM surveys should be monitored together in order to get a clear picture of the manufacturing activity," Danske Bank said.

Significant announcements expected today

Trading statements: Coats Group PLC (LON:COA)

AGMs: Eqtec PLC (LON:EQT)

Economic announcements: UK CBI Distributive Trades, UK 'flash' PMIs, BBC party leaders debate, US Michigan confidence index, US PMIs, Eurozone PMI, Germany PMI

Around the markets

- Sterling: US\$1.2918, up 0.08 cents
- 10-year gilt: yielding 0.757%, up 2.37 basis points
- Gold: US\$1,465.90 an ounce, up US\$2.30
- Brent crude: US\$63.52 a barrel, down 45 cents
- Bitcoin: US\$7,557, down US\$60

Business headlines Financial Times

The Labour Party's new manifesto unveiled plans to raise taxes and unleash a huge public spending drive, raising the prospect of a return to Keynesian economics

US broker Charles Schwab is closing in on the acquisition of US online brokerage TD Ameritrade for more than US\$25bn.

A technical issue disrupted British Airways flights around the world yesterday's

The Times

Administrators have uncovered a catalogue of failures at Funding Secure, a platform that collapsed last month having issued more than £175 million worth of loans, turning up the heat on FCA.

Louis Bacon, one of the world's best-known hedge fund managers, has thrown in the towel after a long spell of underperformance and is planning to close his firm.

Shares in Centrica jumped more than 9% after it reported that British Gas had lost fewer customers since the end of June as compared to the previous six months.

Guy Parsons, the chief executive of Easyhotel, is expected to take on a number of non-executive and part-time roles after announcing his surprise resignation.

Dame Helena Morrissey yesterday agreed to go on to the board of St James's Place, apparently ruling herself out as a candidate to be the first-ever female governor of the Bank of England.

Profits at Johnson Matthey fell in the first half of the year as it struggled with the costs resulting from delays in opening a new factory in Poland.

The Guardian

Shares of Royal Mail tumbled 14% yesterday after the company warned strike action could tip its UK operation to a loss next year.

Troubled office rental company WeWork is to lay off 2,400 employees globally, as it seeks to drastically cut costs and stabilise its business.

Government borrowing has increased to its highest October level in five years.

World Chess, the company that ran the World Chess Championships, plans to issue a cryptocurrency-like digital token ahead of a stock market float in London.

The Conservatives have unveiled plans for a 3% stamp duty surcharge for non-UK tax residents in an election pledge that effectively blames foreign purchasers for inflating property prices.

The Daily Telegraph

Ian Sutcliffe, the boss of Countryside Properties, is standing down after announcing a 5% rise in annual profits to £114.8 million.

Reach, the company that owns the Daily Mirror has abandoned plans to acquire scores of regional newspapers including the Scotsman and the Yorkshire Post.

Ocado has been given the green light by the competition watchdog to stop calling itself a grocer after it sold half of its online retail business to Marks & Spencer.

Daily Mail

The Organisation for Economic Co-operation and Development (OECD) has lifted its expectations for the UK's growth rate from 1% to 1.2% this year despite an increasingly gloomy global backdrop.

Shares in British American Tobacco surged yesterday after US authorities U-turned on plans to dramatically cut the level of nicotine in cigarettes.

Gaming revenue in William Hill's High Street shops fell more than a third due to changes in the law on fixed-odds betting terminals.

Hays Travel, which bought Thomas Cook's High Street stores after the tour operator collapsed in September, is to take

on 1,500 new staff to help run them.

Invesco fund manager Mark Barnett, a protege of fallen stock picker Neil Woodford, is under fire from the board of the £680 million investment trust he manages after a run of poor performance.

Industry executives have blasted Labour's policy to slap Britain's oil and gas industry with an £11 billion windfall tax to charge them for their contribution to climate change.

American toy-making giant Hasbro faces a two-month probe into its £3.3 billion takeover of Peppa Pig owner Entertainment One.

Wetherspoons shareholders yesterday rejected the call to sack founder Tim Martin days after he blasted the City's 'navel-gazing' governance rules in a 1,300-word rant.

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