

Boohoo Group PLC

17:05 14 Jan 2020

FTSE 100 closes flat as traders fret ahead of interim US-China trade deal

- FTSE 100 closes nearly five points ahead
- US benchmarks mixed
- Traders await details of first phase US-China trade deal

5pm: FTSE 100 closes ahead - just

FTSE 100 index closed a shade higher on Tuesday, while Wall Street was mixed as investor jitters limited gains ahead of tomorrow's US-China trade deal.

The UK's premier share index finished nearly five points ahead at 7,622. The FTSE 250 added around 39 points at 21,756.

"European and US markets have been largely flat today, with the prospect of a US-China trade deal clearly doing little to drive markets higher," said Joshua Mahony, senior market analyst at online trader IG.

"With much of the phase one deal factored into market prices, we are instead seeing some hesitancy come into play as traders wonder whether any eventual deal would really live up to expectations," he added.

On Wall Street, the Dow Jones Industrial Index added 119 points at 28,026, but the S&P 500 shed 1.69. Against the US dollar, the pound added 0.21% to US\$1.3016.

3.20pm: Footsie's paint is nearly dry ...

As it has been for much of the day, the Footsie is little changed.

The index of leading shares was up 3 points (0.0%) at 7,621.

US blue-chips, meanwhile, are similarly mixed with the Dow up 13 points (0.1%) and the S&P 500 off 6 points (0.2%) at 3,282, after the US consumer price index (CPI) increased a tad less than expected in December.

The US CPI rose 0.2%, versus expectations of a 0.3% rise, taking the inflation rate to 2.3% from 2.1% in November, representing its highest level since October 2018.

Core CPI inflation, which excludes food and energy prices, rose 0.1% in December, versus a consensus forecast of +0.2%, leaving the annual inflation rate unchanged at 2.3%.

"Inflation is likely to remain modest in the intermediate term," predicted Berenberg Capital Markets.

"Nominal GDP growth has moderated to around 4% from 6% in mid-2018 so firms have less flexibility to raise product prices, which influences wage-setting behaviour. Moreover, key survey-based measures of inflation expectations are at or near historical lows, and market-based measures of inflation expectations remain low despite recent increases," the German bank added.

Price: 314.2

Market Cap: £3.66 billion

1 Year Share Price Graph



Share Information

Code: BOO

Listing: AIM

52 week High Low
339.51 168.9

Sector: Retail

Website: www.boohooplc.com

Company Synopsis:

Boohoo Group PLC is a leading online fashion retail group. Its brands, boohoo, boohooMAN, PrettyLittleThing and Nasty Gal target fashion-conscious 16-24 years olds in the UK and internationally.

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2.20pm: JP Morgan shines as US results season kicks off

Results season has kicked off in the US, with banking giant JP Morgan boosting sentiment with fourth-quarter earnings that topped expectations.

As a result, the Dow Jones industrial average is now expected to open slightly higher, at around 28,926, up 19 points from last night's close. The broader-based S&P 500 is still expected to open in the red at 3,286, down a couple of points on last night's close.

"JP Morgan kicked off earnings season with a bang! Expectations were for the banks to have a decent start after we saw the yield curve uninvert itself in early September, which will broadly help net interest income for all the banks," said Edward Moya at Oanda.

"JP Morgan posted a stunning FICC [fixed income, currencies and commodities] trading gain, over a billion dollars higher than analysts' expectation," he added.

In the UK, no blue-chip stock has been able to provide a similar lift to sentiment although a trading update from Taylor Wimpey PLC (LON:TW.), up 2.7%, gave a leg-up to the housebuilding sector.

The FTSE 100 was up 10 points (0.1%) at 7,628.

1.20pm: Footsie unchanged; US indices expected to be similarly sclerotic

While paint continues to dry in the London stock market it looks like the lull is set to catch on in the US today.

Spread betting quotes suggest that after hitting new highs again yesterday, the Dow Jones and S&P 500 will pull back a little at the outset.

The Dow is expected to open at around 28,903, down 4 points, and the S&P is tipped to shed a couple of points to start the day at 3,286.

"Heading into the US session open the major indices are flat. Some probing going on but nothing sustained. You can characterise today's session as indecisive, lacking direction as we await the details of the US-China trade deal," said Neil Wilson of markets.com.

He can say that again ...

In London, the FTSE 100 is unchanged at 7,618.

12.30pm: Blue-chips remain mixed

The Monty Python phrase "up and down like the Assyrian Empire" comes to mind when describing the Footsie's movements today.

At one point the Footsie made it above 7,650 but it has now ebbed to 7,613, down 4 points on the day, reflecting a relatively stable day for the pound against the US dollar.

"Having broken below the GBP/USD 1.30 level yesterday, cable dipped as far as 1.2950 this morning before pushing back to 1.30. Despite this bounce, we see risk that unless forthcoming UK economic data releases surprise to the upside, cable could soon set its sights on the post-election low close to 1.2905," suggested Rabobank.

The FTSE 250, less preoccupied with the ups and downs of sterling on the forex markets, remains in positive territory, up 37 points (0.2%) at 21,754, despite a poorly-received trading update from Elementis plc (LON:ELM).

Shares in the speciality chemicals company tumbled 21p to 143.7p after it lowered full-year profits guidance for 2019 following a "somewhat subdued" final quarter.

UK RNS today #4 -

Elementis - 'Our overall performance in 2019 has been negatively impacted by a challenging market backdrop as the more cyclically exposed parts of the portfolio like Chromium and Energy have deteriorated through H2'

— Chris Bailey (@Financial_Orbit) January 14, 2020 11.30am: Housebuilders lead the rally
Whichever direction the Footsie moves - it is currently heading north - it seems disinclined to travel far.

Helped by demand for housebuilders, the top-shares index was up 12 points (0.2%) at 7,629.

Taylor Wimpey PLC (LON:TW.) was up 2.4% at 206.9p after its trading statement, dragging sector peers Persimmon PLC (LON:PSN) and Berkeley Group Holdings PLC (LON:BKG) up with them; the former is up 1.1% and the latter is 0.6% higher.

"A record order book shows that demand for housing in the UK remains strong but higher costs, the lingering effects of the freehold scandal and renewed investment in build quality mean that Taylor Wimpey expects its operating margin to fall in 2019," said Russ Mould, AJ Bell's investment director.

"That pattern fits with the analysts' consensus forecast of a very low single-digit percentage improvement in profits for 2019 and the market expects similarly modest progress in 2020," he added.

9.55am: FTSE 250 is where the action is

London's blue-chips are to use a well-worn phrase, seeking direction, with traders reluctant to take positions ahead of the signing of the US-China trade agreement.

After opening modestly higher, the FTSE 100 is now 7 points (0.1%) lower at 7,610, despite yo-yo stock NMC Health PLC (LON:NMC) enjoying one of its up days; the stock was the top Footsie riser with a 4.2% gain.

Overnight, the US Treasury said it no longer regards China as a currency manipulator, this removing a categorisation that has been in force since August 2019.

"Intensive trade and currency negotiations between the US and China over the last few months resulted in a Phase One agreement that requires structural reforms and other changes to China's economic and trade regime in several key areas, including currency and foreign exchange issues. In this agreement, China has made enforceable commitments to refrain from competitive devaluation and not target its exchange rate for competitive purposes. China has also agreed to publish relevant data related to exchange rates and external balances," the US Treasury's biannual "Macroeconomic and foreign exchange policies of major trading partners of the United States" report stated.

With activity among blue-chip stocks resembling a 1970s match between Arsenal and Middlesbrough, it was left to the mid-caps to provide some 1990s-style Liverpool versus Newcastle United action.

Grafton Group PLC (LON:GFTU) and Games Workshop PLC (LON:GAW) both found favour with the market, rising 7% after a trading update and half-year report respectively.

"Grafton Group has begun the year on a high," declared David O'Brien, an equity analyst at Irish investment banking firm, Goodbody.

"The group has reported a solid end to the year following top-line UK trends deteriorating in September and October 2019 and critically trends deteriorated no further in November and December.

"We can see very good cost control in the UK, driving efficiency and delivering productivity gains, which demonstrates management's agile response to market conditions.

"The non-UK business also did better than forecast and indicates solid top-line recovery. Overall, Grafton's update

should be very comforting for the sector," O'Brien said.

Games Workshop, meanwhile, "has cracked the model for getting people to visit its stores and its website," according to Russ Mould at AJ Bell.

"Now it is trying to sweat its intellectual property which suggests that more attention will be paid to royalty income in the future as a measure of its success," he added.

8.35am: Cautious progress

The FTSE 100 index made a hesitant start on Tuesday with sentiment clouded by uncertainty over what the much-ballyhooed US-China phase 1 trade deal will entail.

In opening trade, the UK blue-chip index was up 6 points (0.1%) at 7,624.

"A phase one deal is ready to be signed, we're just not that sure what's in it. Sentiment turned risk-on after the US said it will remove China from its list of currency manipulators. US-Iran tensions simmer but have taken a back seat. Europe is off to a tentative start though after a mixed bag overnight in Asia," summarised Neil Wilson, the senior markets analyst at markets.com.

On the corporate front, Taylor Wimpey PLC (LON:TW.) got the housebuilding sector's update season off to an uneventful start; the shares were unchanged so far after this morning's trading statement.

"The UK housing market showed signs of stability throughout 2019, despite the political and economic headwinds, while Taylor Wimpey had previously left itself much to do in the second half of the year to get back on track. This appears to have been achieved, with a record order book of around £2.2 billion representing an increase year-on-year of 22%," said Richard Hunter, the head of markets at interactive investor.

"The reduction of 4.5% in build cost inflation was another tailwind, while the operating profit margin of 19.6% is perfectly adequate, even though it has dipped from a previous 21.6%," he added.

Proactive news headlines:

Savannah Resources PLC (LON:SAV) told investors that the Mozambique government has issued a mining licence for the '9228C' area, which is the third and final licence for the Mutamba heavy mineral sands project. The project, which is being advanced in partnership with mining major Rio Tinto plc (LON:RIO), spans some 11,807 hectares and is now covered by a mining licence that's valid until September 2044, with a possible 25-year extension.

Live Company Group PLC (LON:LVCG) has signed a licence agreement with Entertainment One (eOne) to produce BRICKLIVE tours themed around characters from the Peppa Pig cartoon franchise. Under the terms of the agreement, Live Company will have non-exclusive rights to produce tours in the UK and Ireland until 30 September 2023 in return for a royalty fee. The first tour is expected to launch in the third quarter of 2020.

Clinigen Group PLC (LON:CLIN) has taken a "first significant step" to revitalise its Proleukin drug by agreeing to supply the product to an American life sciences company developing exciting new cancer immunotherapies. Iovance Biotherapeutics is carrying out pivotal studies of its tumour infiltrating lymphocytes (TIL) technology on head, neck and lung patients with advanced forms of the killer disease.

Eden Research plc's (LON:EDEN) chief executive Sean Smith hailed the "significant progress" made by the crop health specialist last year, which he said, "will ultimately result in an expansion of product sales revenue in new product markets and geographies". In 2019 the company received its first marketing authorisation for its second commercial product, Cedroz, which combats nematodes found in the soil. Fungicide Mevalone saw its geographic footprint spread.

Personal Group Holdings PLC (LON:PGH), which provides employee services such as staff discount schemes, is starting to see the benefit of recent investment in sales and marketing. The group traded in line with expectations in

2019 and said it had made good progress on delivering the strategy implemented since the appointment of Deborah Frost as chief executive (CEO) in March.

Rosslyn Data Technologies PLC (LON:RDT) expects underlying earnings (EBITDA) to be positive in the second half of the current fiscal year. In its results statement covering the half-year to the end of October, the company revealed its revenue declined to £3.12m from £3.53m in the same period of last year, reflecting the strategic decision to eschew low-margin business. The gross margin improved to 81.2% from 78.4% in the first half of the previous year.

Frontier IP Group PLC's (LON:FIPP) portfolio company, Fieldwork Robotics, had raised £298,000 through its first equity funding round. The intellectual property investor said the proceeds will be used by Fieldwork to accelerate development and scale-up its fruit harvesting robotics technology.

Genel Energy PLC (LON:GENL) has highlighted a trading update released by DNO International - its partner in Kurdistan - which reported an increase in production volumes from the Tawke field. The Tawke licence, which is host to two fields, produced 124,000 barrels of oil per day (bopd) in 2019, up from 113,100 bopd in 2018.

United Oil & Gas PLC (LON:UOG) told investors that Tullow Oil PLC (LON:TLW), partner and operator for its high potential Jamaica exploration project, has reached an agreement with the Jamaican authorities to extend the initial exploration licence period by six months. It means that a 'drill or drop' decision will need to take place before 31 July 2020, rather than 31 January 2020.

H&T GROUP PLC (LON:HAT), the UK's leading pawnbroker, has announced that Richard Withers will be joining its board as chief financial officer with immediate effect. In a statement, the company noted that Withers joined the group in 2018 and has fulfilled the role of interim finance director with great ability, leading to his permanent appointment. The company also announced that Martin Pugh will not be continuing as an executive director of H&T, and he will resign from the board, also with immediate effect.

Blue Star Capital PLC (LON:BLU) is expecting its stake in one of its investee companies, The Drops Esports Inc, to increase ahead of its acquisition by Canadian company Fibresources Corp. The media and gaming investment firm, which owns a 13.6% stake in Drops, said it expects this to rise to 18.6% prior the completion of an all-share acquisition of the investee firm by Fibresources, which is predicted to occur before 31 March.

Primary Health Properties PLC (LON:PHP), a leading investor in modern primary healthcare facilities, has announced that following a review of the skills, experience and knowledge of the Board and the consideration of its size and composition as part of the Nomination Committee's annual evaluation process, a Board of six, consisting of four independent non-executive directors and two executive directors is the appropriate size for the company going forward, given the relative simplicity of the business model. Accordingly, it said, a replacement for Helen Mahy, whose decision to retire at the company's Annual General Meeting scheduled for April 2020 was announced in November 2019, will not be made and Dr Stephen Kell will not be standing for re-election at the AGM. Separately, the group said it will announce its preliminary results for the year ended 31 December 2019 on Wednesday 12 February 2020.

6.45am: Footsie predicted to inch higher

The FTSE 100 is predicted to inch higher on Tuesday, a day ahead of the signing of the US-China trade deal and with support from a weak pound as traders mull the likelihood of a Bank of England rate cut.

London's blue-chip benchmark was being called 9 points higher by spread betters in the Square Mile, with just over an hour to go before trading begins.

Overnight, US stocks finished in the green, though gains were not huge as traders wait for the signing of the US-China trade deal, which is scheduled for Wednesday.

The Dow Jones index gained 0.3% to close at 28,907, while the broader S&P and tech-heavy Nasdaq Composite went one better as both ascended 0.7% and 1% respectively to record highs.

Ahead of the visit of a Chinese delegation to Washington, market sentiment was boosted by news that the US Treasury department was now recommending that China should no longer be designated as a currency manipulator, reversing an August call.

Further details of the 'phase one' deal were also becoming clearer, in particular concerning policies on technology transfers.

Markets in Asia were mixed, with the Nikkei up 0.7% but the Hang Song down 0.3% and the Shanghai Composite dropping 0.1% despite positive China trade data.

This showed imports rebounded strongly in December, rising 16.3%, well above expectations, with US imports of agricultural goods doing particularly well, while exports rose 7.6% after falling 1.3% in November.

It was, said Michael Hewson at CMC Markets, "a sign of increased demand from the global economy" and set European markets on course to "pick up on this more positive tone when they open".

Trading updates due from retailer and housebuilder

There's no significant UK data due today, though there is some **corporate news scheduled that should be interesting.**

Boohoo Group PLC (LON:BOO), the largest company on AIM, will be providing an update on its performance over the important festive period.

Early in December, it released a no-numbers update flagging "record" sales across the Black Friday weekend, with new ranges for its newly acquired Karen Millen and Coast being "very well received".

There should also be an update from the first of a trio of housebuilders reporting this week on trading since the general election delivered what is expected to be a sector-friendly result.

Taylor Wimpey PLC (LON:TW.) has enjoyed a share price bump of more than 15% since the Tories won a larger parliamentary majority in the general election.

This week's year-end numbers will show how TW's completion numbers compare to the 15,275 houses sold at an average price of £302,000 in 2018, as well as guidance for the year ahead.

The market currently forecasts pre-tax profit of £820m for 2019 and 2020, but investors may be more focused on comment about the company's cash return policy, with the present plan being to return just over £600m for last year, just over 18p a share.

Around the markets:

- Pound flat at US\$1.2994
- Gold up 0.1% at US\$1,550
- Brent crude up 0.1% at US\$64.25

Significant corporate events expected on Tuesday:

Finals: Watkin Jones PLC (LON:WJG)

Interims: DFS FURNITURE PLC (LON:DFS), Games Workshop Group PLC (LON:GAW), Gateley Holdings PLC (LON:GTLY), McBride plc (LON:MCB)

Trading announcements: Boku Inc (LON:BOKU), Boohoo Group PLC (LON:BOO), Taylor Wimpey PLC (LON:TW.), Grafton Group PLC (LON:GFTU), PageGroup PLC (LON:PAGE)

Economic data: US inflation, China trade

City headlines:

FT: Lobby groups asked to return no-deal Brexit cash

Guardian - Nigerian oil firm's shares suspended after revealing alleged scam

Times - Persimmon pay scandal executive Jeff Fairburn resurfaces at another housebuilder

Guardian - Flybe on the brink as government urged to step in

FT - Ashley's Frasers Group calls for business rates reform

Times - More electricity demand means bigger challenge for power firms

Times - Worldwide debt rises to record \$253trn

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