

Diploma PLC

17:20 25 Mar 2020

FTSE 100 closes strongly higher as traders eye huge US rescue package

- FTSE 100 index closes 242 points up
- US markets higher
- JD Sports top riser

5.15pm: FTSE 100 closes higher

FTSE 100 index closed convincingly higher on Wednesday, while US shares also advanced, as traders are optimistic of lawmakers backing a US\$2 trillion coronavirus rescue package

Footsie finished up over 242 points, or 4.45% at 5,688.

The midcap FTSE 250 gained more than 647 points at 14,819.

On Wall Street, the Dow Jones added over 1,055 points, or 5.2% at 21,773.

David Madden, analyst at CMC Markets, said the US benchmark was "building on last night's mammoth gains".

"Even though there has been some back and forth in relation to the stimulus package, dealers are optimistic lawmakers will work out their differences and back the package."

The Senate is reportedly expected to vote on the bill later today and the House may hold a vote later in the day or tomorrow.

Also today, it emerged that Germany will pursue a €750 billion rescue package to combat the virus crisis.

3.20pm: FTSE 100 picks up the pace

Heading into the final hour of Wednesday's session, the FTSE 100 had regained some of the ground lost from its lunchtime slip and was up 122 points at 5,579 at around 3.20pm.

JD Sports Fashion PLC (LON:JD.) was still sitting at the top of the blue-chip risers pile, up 13.1% at 488.8p after an update said it expected its online sales to partially mitigate the impact of store closures during the pandemic.

Meanwhile, pest control group Rentokil Initial PLC (LON:RTO) was yet again at the bottom, falling 15.6% to 312.6p after joining the list of firms withdrawing financial guidance scrapping their dividends as a result of the outbreak.

In the small caps, there was good news for graphene specialist Versarien PLC (LON:VRS) after news of a joint venture agreement with Chinese Young-Graphene (Beijing) Technology Company Limited sent shares in the firm surging 55.9% to 46p.

The picture was less pretty on the currency markets as the uplift in equities put pressure on the pound, which despite touching a weekly high earlier today was down 0.47% to US\$1.1694 against the dollar.

Price: 1542

Market Cap: £1.75 billion

1 Year Share Price Graph



Share Information

Code: DPLM

Listing: LSE

52 week	High	Low
	2152	1191

Sector: Fashion & brands

Website: www.diplomapl.com

Company Synopsis:

Diploma PLC is a United Kingdom-based company engaged in the supply of specialized technical products and services. The Company operates through three segments: Life Sciences, Seals and Controls. The Life Sciences sector businesses supply a range of consumables, instrumentation and related services to clinical, research and environmental applications.

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2.20pm: Sunak, BoE and FCA tell banks to keep lending despite pandemic

A joint letter signed by Chancellor of the Exchequer Rishi Sunak and Bank of England governor Andrew Bailey has warned the UK's banks to lend to fundamentally viable companies and not allow them to collapse during the coronavirus pandemic.

The letter, which was also signed by Financial Conduct Authority (FCA) chief executive Chris Woolard, said banks and building societies should express "a willingness to maintain and extend lending despite the uncertain economic conditions".

It added that it was a "priority" the UK's financial institutions and regulators worked to ensure the benefit of emergency stimulus measures were "passed through to businesses and consumers".

"It is vital that government, the regulators and industry continue to act together to mitigate the longer lasting effects of [coronavirus] on jobs, growth and the UK economy...we know that you will rise to the challenge to support the economy and protect jobs", the letter concluded.

The FTSE 100 was up 39 points at 5,485 shortly before 2.20pm.

1.40pm: US markets move higher

Despite a mixed open, Wall Street has managed to move higher in the early part of Wednesday's session.

Shortly after the opening bell, the Dow Jones Industrial Average was up 2.35% at 21,191 while the S&P 500 climbed 1.38% to 2,481 and the Nasdaq rose 1.23% to 7,509.

Investors seem to still have faith in the US stimulus package despite an initial wobble, with the emergency measures due to be voted on today in the US House of Representatives.

"The economic data underlines the need for dramatic support for the economy. We know tomorrow's [US] initial jobless claims will be truly awful given the scale of lay-offs in the wake of city and state lockdowns that have shuttered countless businesses. We are forecasting a figure of two million people, but even this probably underrepresents the true picture given anecdotal news of jammed phone lines and crashed websites as people registered. Millions more will file in coming weeks", said analysts at ING.

"Over the past 24 hours, we have seen business surveys collapse and mortgage applications plunge, which points to a sharp fall in housing activity in the months ahead. As such, not only is government spending surging, but tax revenues are plummeting and will continue to fall relative to the budget", they added.

Meanwhile, in London, the FTSE 100 was up 98 points at 5,544 at 1.40pm.

12.22pm: Wall Street expected to head lower

US markets are expected to head lower on Wednesday despite the US\$2trn stimulus recently agreed by politicians in Washington DC as investors on Wall Street seem to still be wary of the bleak economic data coming out of various countries, suggesting the global economy could be in for a rough ride going forward.

The relief package itself could also run into trouble in the US House of Representatives, where Speaker Nancy Pelosi is hoping to push the bill through with the unanimous consent of the 435-member chamber without objection, a scenario that is unlikely and could risk the measures getting bogged down in legislative scrutiny.

Connor Campbell, financial analyst at Spreadex, said that a flat or negative open in New York "could further sap energy from the European indices", with the FTSE 100 having already lost some momentum towards the end of the morning session from a strong start.

Shortly after 12.20pm, London's blue-chip index was up 65 points at 5,511.

11.10am: FTSE 100 rally loses some steam

Despite a runaway start, by late-morning, the FTSE 100 had lost some steam and was up 69 points at 5,515 shortly after 11am.

Even the promise of a US\$2trn stimulus from Washington DC isn't enough to completely stem market fears around the world economy after data from both Germany and France earlier this morning showed both countries are facing deep recessions in the coming months, with the UK potentially following in their footsteps.

"It [the stimulus package] does not resolve the underlying problem. That remains the growing spread of the virus and the continued policy advice that the only way of responding is ever stronger and longer lock down of much of the economy", said John Redwood, chief global strategist at Charles Stanley.

"Mr Trump tried to spin it more positively by suggesting the US can get back to work from April 12th, but the epidemiological and policy advisers do not think that is realistic. Elsewhere people are talking of many weeks before the all clear can be sounded and there can be progressive lifting of the restrictions. If the controls were lifted from mid-April then economies could make a rapid recovery, but if most or all of the controls last on into early summer more capacity and income will be lost and more businesses will be badly impaired", he added.

Meanwhile, fears over the infectivity of the virus have been thrown into sharp relief after Prince Charles tested positive for the infection, with a possibility that the Queen herself could have been exposed.

Prince of Wales, 71, tests positive for coronavirus and has mild symptoms "but otherwise remains in good health"
<https://t.co/cQWwM4rHmP>

— BBC Breaking News (@BBCBreaking) March 25, 2020

On the company front, pest control firm Rentokil Initial PLC (LON:RTO) was at the bottom of the FTSE 100 fallers pile in late morning, slumping 16.4% to 309.5p after scrapping its dividend and guidance for the current year due to the pandemic.

Meanwhile, topping the blue-chip risers was JD Sports PLC (LON:JD.), which jumped 14.2% to 493.5p after it said its online sales operation will offer a "small mitigation" from the losses incurred by its shuttered outlets.

9.40am: UK inflation edges down in February

UK inflation edged down to 1.7% in February from a six-month high of 1.8% in January, according to the latest set of data.

The small downturn was helped by lower fuel prices, as well as downward pressure from video games, alcohol and tobacco products, food, furniture, household equipment and maintenance. Meanwhile, upward pressure was caused mainly by restaurant and hotel prices.

However, the data largely predates the severe economic shock caused by the coronavirus pandemic, and as a result inflation is expected to fall back sharply over the coming months.

"The lockdown of the UK - reinforced by consumer concern over their jobs and pay (despite support from the Government) - will weigh down on demand and likely exert downward pressure on prices despite the supply side shock", said Howard Archer, chief economic advisor to the EY ITEM Club.

He added that while the drop in inflation was likely to be limited by the weakness in sterling, which last week fell to its lowest level against the dollar since 1985 at US\$1.1413, consumer price inflation "could get as low as 0.5% over the summer" and the impact of the coronavirus on the economy began to appear.

The inflation data did seem to have provided some lift to the pound, which shortly after 9.30am was up 1.35% at US\$1.1907 against the dollar.

Meanwhile, the FTSE 100 had continued to rally and was up 230 points at 5,676.

8.45am: Recovery continues

The FTSE 100 index opened comfortably in positive territory on Wednesday, basking in the afterglow of US legislators signing off a US\$2 trillion coronavirus rescue package.

The index of UK blue-chips advanced 141 points to 5,587.49 early on.

WATCH: Morning Report: FTSE 100 opens higher again on reports of US\$2trn US stimulus bill

The Dow Jones Industrials Average had its best day since 1933, jumping 2,100 points, while the broader-based American stocks indexes followed suit. Asia was also a sea of green, celebrating the delayed bail-out.

Neil Wilson, senior analyst at Markets.com, was a little more circumspect about the movements, particularly closer to home as traders eyed the next level for the Footsie.

"As I've noted for the last few days, there have been growing signs of stabilisation," he said. "The kind of bear market bounce yesterday was rather against the narrative, but nonetheless pulls us further off the lows.

"You get these kinds of mega-rallies when the market is heading lower. Therefore, as I keep saying, I'd prefer to see smaller daily swings to believe that stabilisation, or even a market bottom, has been established."

"The stimulus is now by and large in place, the question is whether it's enough for the markets or whether the expected spike in cases and deaths in the US and Europe, combined with the emerging picture of the economic damage, means we need to take another leg lower before the bottom is found," he added.

There was little thematic to the buying activity early on other than what looked like bargain hunting. So, budget hotelier Whitbread (LON:WTB), which Tuesday said it was shuttering its operation, rose 19%, while JD Sport (LON:JD.), a victim of the High Street shutdown, staged an 18% 'bounce'.

The financial stocks were well bid after the markets reclaimed lost ground.

Among the small-caps, investors in Silence Therapeutics (LON:SLN) were served up some good news after AstraZeneca committed to a blockbuster collaboration deal worth US\$80m of upfront payments and investment.

It also came with a further US\$400m of milestones disbursements and royalties - per treatment area.

Notionally, that could be worth up to US\$1.3bn if AstraZeneca assessment drugs in heart, liver and lung disease as touted in the press release.

Unsurprisingly, the shares, which have been hot for the past year after clawing their way up from around 40p to over 400p as of Tuesday's close, shot up 24% to 505p early on.

Proactive news headlines:

Genedrive PLC (LON:GDR) shares rocketed on Wednesday as the company said a clinically validated high throughput format for its coronavirus test could be available in "approximately eight weeks". In a trading update, the diagnostics firm said following discussions with suppliers it believed it could "quickly" ramp up production of its 96 SARS-COV-2 test, which can determine whether someone is infected with coronavirus, to over 10,000 tests per hour, making the product "a material revenue generator for the company and significant contributor to addressing the global pandemic".

Silence Therapeutics PLC (LON:SLN) should see its shares rip higher on Wednesday following news it has signed a deal with drugs major AstraZeneca worth US\$80m in cash and investment upfront, plus a further US\$400m in milestone payments and royalties for each disease area targeted. Using Silence's small interfering RNA, or siRNA technology, AstraZeneca is looking to initially develop treatments for liver, heart and lung diseases. siRNA has been

investigated as an effective treatment for viral diseases as well as cancer, the idea being it can block, or silence disease-causing genes. In a separate release, Silence also provided a research and development update in which it confirmed it would accelerate the development of SLN360, a potential treatment for cardiovascular disease.

Gfinity PLC (LON:GFIN) has signed a deal with in-game advertising group Bidstack Group PLC (LON:BIDS) and ad tech platform Venatus Media to generate additional revenue from its websites. The esports firm said, from April 1, Bidstack and Venatus will work together to sell advertising space on its RealSport101 and Gfinityesports platforms. This will include solutions such as programmatic advertising, bespoke video and audio-based promotions and brand site takeovers, which Gfinity said will "significantly" increase the opportunity for additional revenue.

SIMEC Atlantis Energy Limited (LON:SAE) has been awarded a £1.545m Scottish government grant that will help fund the subsea hub for the next phase of its tidal power array in the waters off the north coast of the country. The cash injection comes from the £10m Saltire Tidal Energy Challenge Fund and will help deliver benefits that will be felt across the industry as the technology developed by Atlantis will be made available to other developers, the group said in a statement.

SigmaRoc PLC (LON:SRC) said it expects to report a strong performance from its businesses for the financial year ending 31 December 2019, exceeding analyst estimates. In a statement, the construction group said its revenues are expected to reach £70m, a 71% increase on the previous year, while underlying operational profits (EBITDA) will hit £14m, a 43% increase on the previous year.

ECSC Group PLC (LON:ECSC) said its full-year 2019, underlying earnings (EBITDA) hit breakeven as revenues surged in its managed services business. In its results for the 12 months ended 31 December, the cybersecurity specialist said the flat EBITDA figure compared to a £600,000 loss in the prior year, while revenues rose by 10% to £5.9m. In a separate announcement, ECSC also said it has appointed Gemma Basharan and Ian Castle to the board as its chief financial officer and chief technology officer, respectively.

Ncondezi Energy Ltd (LON:NCCL) said the project financial model for the integrated Ncondezi coal-fired power plant in Tete, Mozambique, has now been finalised. Tariff submission remains on track for the first quarter of 2020, it said, with the Ncondezi power plant expected to generate 300 megawatts (MW) of electricity per year. Meanwhile, proposals to provide additional funding to cover working capital costs beyond the second quarter of 2020 are ongoing, the group added.

Bahamas Petroleum Company PLC (LON:BPC) has rescheduled its planned Perseverance-1 well to October 2020, from the previously anticipated timeline that saw the well spud in May/June. The company said the decision came as a result of the unprecedented impact of the coronavirus (Covid-19) pandemic. "Given the ever-evolving adverse impact of the response to the spread of the Covid-19 virus - which is changing daily and is affecting everyone and all enterprises, around the globe - it has become clear to us that if we continue to push forward with drilling in the first half of 2020, safe and responsible operations would be compromised," Simon Potter, Bahamas' chief executive said in a statement.

Alien Metals Ltd (LON:UFO) said it is continuing discussions with a number of potential joint venture parties with regard to its portfolio of projects in Mexico and Australia during the coronavirus (COVID-219) pandemic. In a statement, the company said it is continuing to prioritise the health and safety of its employees, and no individuals either within or associated with the company are currently suffering from coronavirus. Meanwhile, it added, work continues across the company's operations.

Enteq Upstream PLC (LON:NTQ) said it appointed Neil Hartley as a new non-executive director. In a statement released after Tuesday's close, the company noted that Hartley brings extensive senior private equity investor and non-executive director experience. He will chair the company's remuneration and audit committees. At the same time, the group noted, Robin Pinchbeck has retired from its board. He has been a non-executive director of the company since 2011.

RM Secured Direct Lending PLC (LON:RMDL) said that, following the request by the Financial Conduct Authority (FCA) it has been compelled to defer the publication of its results for the year ended 31 December 2019, which were due for

release this week. The company said it anticipates announcing its full-year results in the week commencing 6 April 2020, subject to any further guidance from the FCA and the FRC to the contrary.

Polarean Imaging PLC (LON:POLX), a clinical-stage medical imaging technology company developing a proprietary magnetic resonance imaging (MRI) drug-device combination, said that, in light of the UK Government's latest announcements in response to the coronavirus (Covid-19) outbreak, it is no longer practical to hold its forthcoming General Meeting at the Reed Smith London office. The group added that the meeting will still proceed at 2.00pm BST, or 9am US local time, on the previously notified date of 1 April 2020 but will instead be held at the company's offices (2500 Meridian Parkway (Suite 175), Durham, NC 27713, USA) and that only the number of shareholders required for the meeting to be quorate should physically attend. The group said its board encourages shareholders who have not already done so to submit their votes by proxy rather than attend in person.

Angling Direct PLC (LON:ANG), the UK's largest and fastest-growing fishing tackle and equipment retailer, has announced the appointment of N+1 Singer as its nominated adviser and broker with immediate effect.

Faron Pharmaceuticals Oy (LON:FARN (NASDAQFIRSTNORTH:FARON), the clinical-stage biopharmaceutical company, said its Annual Report for the year 2019 has been published in English and its financial statements in Finnish on the **company's website**.

Impax Environmental Markets PLC (LON:IEM) said it has issued 400,000 ordinary shares at a price of 250.00p each, representing a premium to the prevailing net asset value, under the company's proposed new block listing.

6.45am: Footsie set for positive start

The FTSE 100 is expected to open higher on Wednesday amid reports that US politicians have agreed a US\$2trn stimulus bill to shore up the American economy during the coronavirus pandemic.

Spread-better IG expects the FTSE 100 to open up around 50 points after ending Tuesday's session 452 points higher at 5,446.

"Coming on the heels of the central banks, there is increasing optimism that politicians are starting to understand the scale of the economic stop coming our way, as the death toll across Europe and the US continues to rise", said Michael Hewson, senior analyst at CMC Markets UK.

"The hope is that the politicians on Capitol Hill deliver, given that tomorrow's weekly jobless claims are likely to test market optimism quite sharply", he added.

Stimulus caused a surge on Wall Street overnight, with the Dow Jones Industrials Average ending the session up 11.37% at 20,704 while the S&P 500 rose 9.38% to 2,447 and the Nasdaq Composite climbed 8.12% to 7,417.

The optimism continued in Asia earlier today, with Japan's Nikkei 225 rising 8% while Hong Kong's Hang Seng climbed 3.1%.

On currency markets, the pound was 0.66% higher at US\$1.1826 against the dollar this morning, however, UK inflation data due later today could provide some catalysts for movement as investors gauge the health of the economy with the country headed into coronavirus pandemic lockdown.

Significant announcements that had been expected for Wednesday:

Trading announcements: Diploma PLC (LON:DPLM), United Utilities Group PLC (LON:UU.)

Finals: Moss Bros Group PLC (LON:MOSB), Ted Baker plc (LON:TED), Ergomed PLC (LON:ERGO), CloudCall Group PLC (LON:CALL), DP Eurasia NV (LON:DPEU), SDL Plc (LON:SDL), SpaceandPeople PLC (LON:SAL)

Interims: Bellway PLC (LON:BWY), Ricardo PLC (LON:RCDO), Applied Graphene Materials PLC (LON:AGM)

Economic data: UK inflation, UK PPI

Around the markets:

- **Sterling:** US\$1.1826, up 0.66%
- **Brent crude:** US\$30.48 a barrel, up 2.49%
- **Gold:** US\$1,617.24 an ounce, down 2.59%
- **Bitcoin:** US\$6,690, up 1.78%

City headlines:

- The government would not be able to save all businesses in the weeks ahead, Rishi Sunak told MPs as the UK chancellor comes under growing pressure to announce a rescue scheme for self-employed - Financial Times
- The UK is on course for a recession of a scale 'not seen in modern history' as the coronavirus outbreak has already dealt the economy an initial blow even greater than that seen during the last financial crisis - Daily Mail
- Warning signs and vulnerabilities that emerged during the 2008 financial crisis are piling up amid coronavirus-related panic among investors, experts have warned - Telegraph
- Grocers and online retailers have launched big hiring sprees to cope with a surge in demand as the industry booms during the coronavirus - FT
- America's blue-chip stock market index Dow Jones enjoyed its best day since 1933 yesterday as US lawmakers neared agreement on a \$2 trillion coronavirus rescue package - Times

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