

Wizz Air Holdings

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FTSE 100 closes deeply in red as global stocks tank amid pandemic crisis

- FTSE 100 closes 217 points down
- Rolls-Royce, Airbus lobby for Virgin Atlantic bailout
- Wall Street benchmarks lose ground

5.30pm: FTSE closes firmly lower

FTSE 100 index closed deeply in the red on Wednesday as global shares took a turn for the worse again amid the coronavirus crisis.

Britain's index of blue-chip shares closed down over 217 points at 5,454 with travel-focused Carnival (LON:CCL) again being top laggard, plunging 20.62% to 779p.

"The first quarter was dreadful and the second quarter is starting off on a negative note," said David Madden, market analyst at CMC Markets.

"The Covid-19 related death toll in the US has overtaken that of China, and President Trump has warned about a 'very, very painful two weeks' ahead."

Madden said the recent surge in markets on the back of various stimulus plans from central banks, and rescue packages from governments around the globe seems now like a "distant memory".

UK banks were also top losers after the Bank of England (BoE) recommended that UK banks should suspend their dividends and share buyback schemes.

Lloyds (LON:LLOY) lost 11.66%, while Barclays (LON:BARC) tanked 11.95%.

On Wall Street, the Dow Jones dropped 807 points to 21,110, while the S&P 500 shed around 102 points.

3.55pm: Rolls-Royce, Airbus lobby for Virgin Atlantic bailout

The Footsie pared losses on Wednesday before the close while sterling rallied to make gains versus the dollar.

London's big-cap index was down 173 points to 5,498, with the pound trading 0.1% higher at US\$1.2437.

Rolls-Royce Group PLC (LON:RR.) was a late faller, slipping 10% to 305.6p on Wednesday afternoon on reports it and Airbus have been lobbying Westminster to bail out Virgin Atlantic.

The airline, part of British private corporation Virgin Group, would be "of significant importance" for the country's supply chain, according to the two engineering firms.

According to media reports, Virgin Atlantic on Tuesday submitted a request for £500m in state aid.

Chancellor Rishi Sunak said last week the aviation industry should seek alternative funding options as the government

Price: 3454

Market Cap: £3.55 billion

1 Year Share Price Graph



Share Information

Code: WIZZ

Listing: AIM

52 week High Low
4526 1500

Sector: Transport

Website:

Company Synopsis:

Wizz Air is the largest low-cost airline in Central and Eastern Europe, operates a fleet of 66 Airbus A320 and Airbus A321 aircraft, and offers more than 420 routes from 24 bases, connecting 119 destinations across 38 countries. At Wizz Air, a team of approximately 2,600 aviation professionals delivers superior service and very low ticket prices making Wizz Air the preferred choice of 19.

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would not offer bailouts.

However, support would be evaluated on a case-by-case basis.

Billionaire Richard Branson, who founded Virgin Group, offered last week to inject US\$250m into the company.

3pm: Wall Street tanks at open

The Footsie was little moved in the early afternoon as Wall Street fell sharply at open.

London's big caps lost 198 points to 5,473, while sterling showed some improvement, down 0.1% to US\$1.2402.

On the other side of the pond, the Dow started off shedding 661 points to 21,250, while the S&P 500 dropped 84 points to 2,499.

ADP reported a 27,000 dip in private payrolls in March, which beat the expected 150,000 slump, though it was the first negative print since 2017.

ADP report is out at minus 27K. Very important: the report uses data through March 12 (before the impact of the COVID-19). But we already see the poor performance. First negative print since 2017. No need to say that it has zero value in forecasting the BLS number. pic.twitter.com/htNyLTQow8

— Christopher Nicolas Dembik (@Dembik_Chris) April 1, 2020

But the worst is yet to come: the data was only recorded until 12 March, just before coronavirus started spreading in the US.

"The pain is coming in April, when payrolls are likely to drop by perhaps 10M-plus," commented Ian Shepherdson, chief economist at Pantheon Macroeconomics.

"The labor market was in good shape before the virus, but we knew that anyway, and it's irrelevant in the face of the impending discontinuity in the data."

1.20pm: British American Tobacco to work on coronavirus vaccine

The Footsie remained firmly in the red after lunch, dropping 210 points to 5,462.

British American Tobacco PLC (LON:BATS) bucked the trend as it announced plans to develop a potential coronavirus vaccine.

The cigarette seller said its US biotech subsidiary Kentucky BioProcessing is going through pre-clinical testing.

"If testing goes well, BAT is hopeful that, with the right partners and support from government agencies, between 1 and 3 million doses of the vaccine could be manufactured per week, beginning in June," the firm said.

Shares remained broadly flat at 2,773p.

Conversely, Intercontinental Hotels Group PLC (LON:IHG) slid 7% to 3,277p despite RBC upgrading the stock to 'outperform' from 'sector perform'.

Analysts said the Holiday Inn owner has a "low-risk business model" and could "easily absorb" a US\$438m reduction in earnings as the hotel sector crumbles under the coronavirus pandemic.

11.45am: Wall Street set for a soft open

London's leading index pared its losses in the late morning but remained battered, while Wall Street is also set for a soft

open.

Markets are under pressure as the virus is not close to its peak in Europe or in the US, while Donald Trump's comments on Tuesday night added more doom and gloom.

The President warned of more weeks of pain ahead, "a stark change from his rather casual approach thus far", said Neil Wilson from Markets.com.

Back home, the Footsie dropped 207 points to 5,464 though the pound also trimmed its losses, down 0.3% to US\$1.2371.

BP PLC (LON:BP) announced early on Wednesday plans to cut capital spending by 25% to US\$12bn, hoping to slash US\$2.5bn of annual costs by the end of 2021.

The FTSE 100-listed oil major noted "no significant operational impact" in the first quarter, but admitted it could change through the second quarter.

The news got a lukewarm reception, with shares dipping 2% to 338.15p

In the FTSE 250 index, Marks & Spencer Group PLC (LON:MKS) rose 1% to 100.65p as it said store and supply chain staff will get 15% extra pay in recognition for their work during the coronavirus crisis.

Also, staff at the food and clothing retailer who are furloughed will still get full pay, with the company offering furloughing on a voluntary basis for those with caring commitments, who are feeling more vulnerable or who need to self-isolate for seven to 14 days.

9.50: UK manufacturing falls at quickest rate since 2012

London's big caps continued their descent on Wednesday morning as UK manufacturing PMI revealed output and new orders fell at the quickest rate since 2012.

The Footsie lost 221 points to 5,450 while sterling was down 0.4% to US\$1.2363.

The UK PMI for March dropped to a three-month low of 47.8, down from 51.7 in February and the flash estimate of 48.0.

The coronavirus outbreak has caused disruption in the market, hitting confidence and forcing companies to shut down.

Lower demand meant less new export business and

Further uncertainty is expected as governments are to keep implementing restrictions for several more weeks or even months.

"The effects were felt across most of manufacturing, with output falling sharply in all major sectors except food production and pharmaceuticals," commented Rob Dobson, director at IHS Markit, the survey compiler.

"The transport sector, which includes already-beleaguered car-makers, suffered the steepest downturn."

8.25am: Down, down again

The FTSE 100 index had enjoyed two consecutive 'up days' - albeit split by the weekend - so there had to be a sting in the tail.

So it came to pass with a 3.4% drop, inspired by an erosion of confidence in the US that sent Asia's main markets back

into free-fall.

The index of UK blue-chip shares opened 195 points lower at 5,476.95.

WATCH: Morning Report: FTSE 100 to open deep in red as US deaths rise and fears grow of global recession

"It was the worsening American coronavirus figures that were the catalyst for the downside seen on Wall Street yesterday after President Trump warned in his press conference of a painful two weeks ahead," said James Hughes, analyst at Scope Markets.

"The US are trying to get the virus outbreak under control, but New York city's death toll has now topped 1,000. New York is the epicentre of the outbreak in the United States."

The blood-letting affected the Asia-focused financial institutions, notably Footsie heavyweight HSBC (LON:HSBA), down 8.2%, and smaller banking rival Standard Chartered (LON:STAN), off 7.2%.

Of course, the big news in the sector was the suspension of dividend payments by the banks amid government pressure.

Lloyds (LON:LLOY) had a dividend yield of 10.5%, Barclays (LON:BARC) 9.6%, Royal Bank of Scotland 4.4% (LONRBS), HSBC 9% and Standard Chartered 4.9%.

"The announcement that banks will be suspending existing and future dividends and share buybacks ticks the boxes of moral duty and an additional capacity to lend, but from an investment perspective it removes a core plank of the case for buying bank shares," said Richard Hunter, chief stock picker at Interactive Investor.

Proactive news headlines:

Faron Pharmaceuticals Oy (LON:FARN) (NASDAQFIRSTNORTH:FARON) said its drug Traumakine has been admitted to a large-scale global programme that will assess its potential in treating severe pneumonia, including patients with coronavirus (COVID-19). Faron said its interferon beta-1 formulation will be delivered intravenously, which the company reckons offers the best "delivery route" for critically ill patients.

Greatland Gold PLC (LON:GGP) has revealed that its partner at the Havieron gold project in Western Australia, Newcrest Mining (ASX:NCM) has completed stage 2 of the farm-in agreement by spending US\$20m on exploration. Newcrest is now embarking on stage three of the farm-in, and in accordance with the agreement now holds 40% of Havieron, with the remaining 60% interest retained by Greatland. In order to complete stage 3 of the farm-in, Newcrest must spend an additional US\$25m and deliver a pre-feasibility study.

Seeing Machines Limited (LON:SEE) has inked a pre-production licence deal for its driver monitoring system (DMS) technology with a major automotive tier one partner. Under the agreement, the AIM-listed firm will receive a pre-production licence fee of US\$5m before June 30, 2020, in addition to future volume-based royalty payments.

Iconic Labs PLC (LON:ICON) has reported reduced losses for the first half of its current year, as predicted, fueled by an increase in demand for its online content. For the six months ended December, 31, 2019, the company reported a loss of £848,233, down from a £1.18m loss a year ago, while also recording revenues of £2,500.

CentralNic Group PLC (LON:CNIC) has reshuffled its leadership with a number of new appointments and director changes. Among the changes, the group's chief operating officer, Alex Siffrin has said he will step down from the role and his position on the board and there is a new chief people officer and a new head for the firm's reseller division.

Base Resources Ltd (LON:BSE) said it has drawn down the full US\$75m available under its existing revolving credit facility. As at February 29, 2020, Base had cash reserves of US\$37.7m and no debt. It added that, supported by sound customer demand, production at the company's Kwale mineral sands operation in Kenya has continued

uninterrupted, with broad health and safety procedures implemented to minimise the risk of coronavirus to personnel and surrounding communities.

Anglo African Oil & Gas PLC (LON:AAOG) has provided a further financing update, noting the receipt of £50,000 from strategic investor Forum Energy to allow the company to satisfy near-term creditors. The company has in turn issued 22.72m additional shares to Forum, at a price of 0.22p each.

Caledonia Mining Corporation PLC (LON:CMCL) (TSE:CAL) said its board has resolved to defer approval of a declaration of the group's second quarterly dividend of 2020. The group has paid a quarterly dividend since 2014 and the payments are an important element of the company's strategy to create and enhance shareholder value.

Echo Energy PLC (LON:ECHO) has updated on its debt restructuring negotiations, noting that debt holders have indicated support - albeit with interest payments for March not paid. It said amendments to the terms have been agreed for Echo's £1m loan facility, which carries 12% interest. Interest will roll up into the loan's principle over the coming months, and as such quarterly cash interest payments are suspended until after March 2021.

Learning Technologies Group PLC (LON:LTG), the provider of services and technologies for digital learning and talent management, said that, further to its announcement of March 24, all conditions relating to the acquisition of Open LMS have been satisfied and that the transaction completed on March 31.

Afarak Group PLC (LON:AFRK) said it has temporarily shut all its mines in response to a lock-down order from the South African government which went out last week. Some sites, however, like Stellite and Zeerust, continue to treat tailings and to undertake toll treatment for third parties, it added. The move follows a difficult 2019 for the company, in which chrome prices were low.

INTOSOL Holdings PLC (LON:INTO), the award-winning international luxury travel company, said it has appointed Nigel Brent Fitzpatrick as its chief financial officer (CFO) effective from April 2, 2020.

Ariana Resources PLC (LON:AAU) the AIM-listed exploration and development company operating in Europe, has announced the completion of a detailed independent assessment of the Kiziltepe, Tavsan and Salinbas projects by international consultants of the Proposed Partner, following completion of the Memorandum of Understanding announced on November, 25, 2019. Dr. Kerim Sener, Ariana's managing director, commented: "We are pleased to report the completion of the due diligence work of the technical consultants. A period of internal review will now be conducted by the Proposed Partner and Proccea. In addition, draft definitive legal documentation has been prepared and is being reviewed by the Parties. We look forward to reporting further on the proposed deal in due course."

Capital Drilling Limited (LON:CAPD), a leading mining services company focused on the African markets, has announced the appointment of Berenberg as its joint corporate broker with immediate effect. It added that Berenberg will work alongside the company's existing corporate broker, Tamesis Partners.

6.45am: Triple-digit loss predicted

The FTSE 100 index is expected to open with a triple-digit loss on Wednesday as fears over the escalating state of the coronavirus (COVID-19) pandemic in the US weigh heavily on market sentiment.

Spread better IG expects the FTSE 100 to start the session down 163 points after closing 108 points higher at 5,672 on Tuesday.

The market in London seems set to tracking a disappointing performance from Wall Street overnight, with the Dow Jones Industrials Average closing 1.8% lower at 21,917 as it booked its worst quarterly performance in 124 years. Meanwhile, the S&P 500 closed down 1.6% at 2,584 and the Nasdaq Composite fell 0.9% to 7,700.

Traders on Wall Street are becoming jittery as the number of US deaths due to the coronavirus rose to over 3,800, taking the country's death toll higher than the official count from China. Sentiment will not have been helped by

warnings from President Donald Trump that as many as 240,000 people in the country could die from the disease even if current social distancing measures were maintained.

The pandemic and fears of a looming recession also drove Asian markets lower today, with Japan's Nikkei 225 down 2.4% while Hong Kong's Hang Seng fell 1.2%.

On the currency markets, the pound was down around 0.3% at US\$1.2389 against the dollar, although US ADP job figures due later today could provide some catalysts for movement as well as more clarity on the impact of the virus on the American economy.

Significant announcements that had been expected for Wednesday:

Trading announcements: Wizz Air Holdings PLC (LON:WIZZ)

Finals: Futura Medical PLC (LON:FUM), Brave Bison Group PLC (LON:BBSN), Cathay International Holdings Ltd (LON:CTI), RHI Magnesita NV (LON:RHIM), Sumo Group PLC (LON:SUMO), The Mission Group PLC (LON:TMG)

Economic data: UK manufacturing PMI, US manufacturing PMI

Around the markets:

- **Sterling:** US\$1.2389, down 0.31%
- **Brent crude:** US\$25.81 a barrel, down 2%
- **Gold:** US\$1,585.23 an ounce, up 0.1%
- **Bitcoin:** US\$6,329, down 1.65%

City headlines:

- The UK's largest lenders bowed to pressure from Britain's top financial regulator and halted their dividends after they were warned against paying out billions of pounds to shareholders during the coronavirus pandemic - Financial Times
- JD Sports has become the latest store chain to stop paying rent to its landlords as the high street lockdown has a devastating impact on fashion retailers - Guardian
- Package holiday titan Tui has temporarily laid off 11,000 UK staff despite securing a €1.8 billion bailout from the German state - Telegraph
- Invesco's best-known fund manager Mark Barnett is selling all the unquoted investments from his Income and High Income funds - Daily Mail
- A multiyear boom in mergers and acquisitions activity came to a halt by the end of March as the executives shift focus to saving their own companies through coronavirus crisis - FT

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