

JD Sports Fashion PLC

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JD Sports and Flutter to report key figures and updates in coming week

The shorter week following Easter Monday will see a selection of big players report on trading as the new earnings season kicks off, while on the macro front investors will once again await the latest batch of US jobless claims figures and key Chinese data.

JD Sports hopes for online relief amid coronavirus chaos

In its final results on Wednesday, clothing retailer JD Sports Fashion PLC (LON:JD.) is unlikely to cause any upsets from its figures, having said in January that it expects headline pre-tax profit to be "in the upper quartile of current market expectations" at between £403m-£433m.

With the group's latest full year having ended on 1 February, before the coronavirus pandemic began to hammer the retail sector, the group's outlook statement is likely to be the centre of attention after the company withdrew guidance and closed all of its stores in the UK, the US and Europe in late March.

Current trading, particularly for the company's still operating online division, is likely to be closely eyed for how much sales will be able to offset the impact from retail closures.

The company said previously that online sales will represent a "small mitigation" of the losses at the shuttered outlets, so investors will be eyeing whether the company has implemented any other measures to protect its bottom line and balance sheet such as spending cuts and furloughing staff.

In a note on 8 April, analysts at Berenberg are predicting the firm will suffer severe disruption for five months, resulting in a two-thirds decline in store sales and a 20% fall in online, so any of the firm's own forecasts will be watched closely.

Keywords Studios to update on higher demand

Keywords Studios PLC (LON:KWS) is publishing its full-year results on Thursday, which have been delayed as per FCA guidance.

The services provider to the videogame industry has 59 studios in 21 countries, so it has already seen some disruption and it is drawing from experiences in countries that were hit the hardest such as China and Italy.

Chinese operations were said to be almost back to full production at the end of March, so investors will want to know how they are progressing.

The firm is still delivering most of the services via remote working and is seeing more demand, although it said it may not manage to meet all clients' requests due to safety measures - another issue to update the market on.

Price: 648

Market Cap: £6.31 billion

1 Year Share Price Graph



Share Information

Code: JD.

Listing: LSE

| 52 week | High | Low |
|---------|------|-------|
| | 890 | 274.7 |

Sector: Retail

Website: www.jdplc.com

Company Synopsis:

JD Sports Fashion plc has long been established as the leading UK specialist multiple retailer of fashionable branded and own brand sports and casual wear, principally through the growth of its main retail fascia, JD Sports. The JD Group now has well over 500 stores covering both sports and branded fashion but it all started when John David Sports was founded in 1981 with one shop in Bury.

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As previously announced, revenues are set to be 30% higher than last year at €326m, for adjusted profit before tax up 8% to €41m.

Rentokil pivots to hygiene

Having said last month that it is training staff to support increased demand for hygiene services such as disinfection from the coronavirus pandemic, Rentokil Initial PLC (LON:RTO) will provide an update to the market on Thursday.

This trading statement is due to cover first-quarter trading performance and further information on the potential impact of coronavirus for the pest control group.

In its update on 25 March, the FTSE 100 company said trading to mid-March was "not materially impacted" by the outbreak, with China operations back to servicing around 75% of customers by that point, but service levels in Italy reduced by around 40%, a major worsening hit in the final weeks of the month.

This led to the scrapping of its dividend and financial guidance for the year and costs being slashed.

Flutter investors eye update amid lockdown

Paddy Power owner Flutter Entertainment PLC (LON:FLTR) will update on its first quarter numbers on Friday, which investors hope will provide a little more clarity on the impact on the bookmaker of the cancellation of sporting events as a result of the coronavirus pandemic.

One positive for the group is that its merger with Canadian poker giant Stars Group is still going ahead, so investors are likely to focus on the outlook for the company across the rest of its business, although given the lack of clarity on how long various countries lockdowns will last, the company may only be able to provide scant forecasts.

There is also little else to look forward to with the company having already decided to suspend its 2020 dividend due to the pandemic and pay its 2019 divi in shares rather than cash.

Will Rio Tinto shut down operations?

Friday will also come with a trading announcement by Rio Tinto plc (LON:RIO), which will update the market on the impact of coronavirus.

Miners have been pressured for a while now, even before the virus reached Europe, as lockdowns in China prompted a selloff in the natural resources sector.

Iron ore and copper prices are falling as the market is expected demand to drop when the global recession hits.

Rio Tinto is expected to report some weakness in Chinese demand, although analysts at the Share Centre said investors will be focused on how demand is likely to be in the next few months and whether operations will need to be shut down or curtailed further to save on costs.

Macro matters

Economic indicators in the curtailed coming week will be useful in determining the confidence of equity markets, but may be superseded by news on the spread or slowing of the coronavirus outbreak.

The UK lockdown restrictions must be reviewed at least once every 21 days, according to the emergency legislation passed last month, though the government has indicated the coming week's review will be a formality and that no restrictions will be lifted soon.

"We see only a slim chance that the U.K.'s lockdown will be lifted materially before mid-June, three months after the restrictions were first introduced," said Pantheon Macroeconomics.

Equally, with US markets crossing fingers that the virus is reaching a peak and the lockdown could soon be lifted, ING analyst Robert Carnell said it was more likely to be several more weeks before there is enough of a drop in new cases to merit serious consideration of a rollback of restrictions currently in place.

While many are holding out the prospect of some return of economic activity by the third quarter, more likely is a slow and phased removal of restrictions, Carnell said, with talk about V-shaped recoveries that "frankly, is nonsense".

With little UK macroeconomic data over the week, apart from March retail sales on Wednesday night, the main focus for investors and traders will be on an agenda that begins with various trade data on Tuesday, continues with US jobless claims numbers and surveys on industrial production, retail sales and housing starts across the week, plus China trade, retail and GDP figures weighted towards the end of the week.

China's Friday numbers will be "the most important", said analysts at Deutsche Bank, with US data allowing the first "proper look" at March.

Chinese GDP growth in the first quarter of 2020 is likely to be quite some way short of Beijing's 6% long-term target, with a consensus forecast pointing to a year-on-year decline of 5.8%.

Significant announcements expected for week ending 17 April:

Monday 13 April:

Easter Monday

Finals: Gaming Realms PLC (LON:GMR)

Tuesday 14 April:

Trading announcements: Sirius Real Estate Ltd (LON:SRE)

Finals: Proteome Sciences PLC (LON:PRM)

Wednesday 15 April:

Trading announcements: Hunting PLC (LON:HTG)

Interims: Carr's Group PLC (LON:CARR)

Finals: JD Sports Fashion PLC (LON:JD.)

Economic data: US retail sales, US production

Thursday 16 April:

Trading announcements: Rentokil Initial PLC (LON:RTO), Hays PLC (LON:HAS), Norcros PLC (LON:NXR), Ashmore Group PLC (LON:ASHM), PZ Cussons PLC (LON:PZC)

Finals: Learning Technologies Group PLC (LON:LTG). Keywords Studios PLC (LON:KWS)

FTSE 100 ex-dividends to knock 5.8 points off the index: Smurfit Kappa Group plc (LON:SKG), Croda International PLC (LON:CRDA), Reckitt Benckiser Group PLC (LON:RB.), St. James's Place PLC (LON:STJ), M&G PLC (LON:MNG)

Economic data: UK retail sales, US jobless claims

Friday 17 April:

Trading announcements: Flutter Entertainment PLC (LON:FLTR), Rio Tinto plc (LON:RIO), Mediclinic International Plc (LON:MDC), Man Group PLC (LON:EMG), Cranswick PLC (LON:CWK), Record PLC (LON:REC)

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