

FTSE & SMALL CAP MARKET REPORT

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FTSE 100 closes lower ahead of the Easter weekend

- FTSE 100 index closes lower
- Unilever and Rentokil buoyed by first-quarter trading updates
- US stocks mixed
- Gold trading at US\$1,273.41 an ounce, up 0.10% ([click here](#))

FTSE 100 closed in the red on Thursday ahead of the Easter weekend.

The UK's premier stock index finished down around 11 points at 7,459. FTSE 250 was also down on the day after the truncated trading week - shedding around 22 points.

In Europe, the German and French benchmarks were higher though.

On Wall Street, which is closed tomorrow for Good Friday, markets are mixed at the time of writing. The S&P 500 and Dow Jones Industrial

Average are ahead but the Nasdaq is down around two points.

Top riser on Footsie was consumer goods titan Unilever (LON:ULVR), which added over 2.8% to stand at \$4,503p after a trading update, in which it beat first quarter expectations.

Top loser was aerospace giant BAE Systems (LON:BA.), which lost almost 3.8% to stand at 491.90p.

3.30pm: The Footsie's foray into positive territory does not last long

The FTSE 100's foray into positive territory proved brief and inconsequential and it would be no surprise were traders closing positions ahead of Easter.

London's index of heavyweight shares was down 15 points (0.2%) at 7,456, not helped by the odd ex-dividend stock trading lower.

Trading updates from Unilever plc (LON:ULVR) - up 2.7% - and Rentokil Initial PLC (LON:RTO) - up 1.9% - provided some cheer while mining stocks also added a bit of support to the Footsie.

The day's top gainer was MX Oil plc (LON:MXO) - soon to be ADM Energy PLC, following the recent strategic investment by Shaikh Ahmed Bin Dalmook Al Maktoum.

The shares were up 83% at 0.22p ahead of a share consolidation that will see shareholders receive one new consolidation share in exchange for every 100 shares they currently own.

2.45pm: US indices open more brightly than anticipated

The FTSE 100 has crept into positive territory, after US benchmarks opened more brightly than expected following US retail figures.

The Footsie was up a couple of points (0.0%) at 7,473.

READ: Gold as an investment

In the US, the Dow Jones defied expectations of a soft opening to rise 49 points (0.2%) to 26,498 while the S&P 500 opened 3 points lower and a bit higher than expected at 2,897.

Share Information

MarketTopic Synopsis:

*A report on the major benchmarks and notable risers and fallers in London. *

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"US retail sales jumped by 1.6% m/m [month-on-month] in March (consensus: +1.0%), the largest gain since September 2017, driven by motor vehicles and parts (+3.1%) and gasoline station sales (+3.5%) that were boosted by higher gasoline prices," reported Mickey Levy at Berenberg Capital Markets.

"Sales excluding these categories also rose a robust 0.9% m/m. This lifted retail sales to a slight 0.2% q/q [quarter-on-quarter] annualised in Q1, a deceleration from its soft 1% rise in Q4," he noted.

"This bounce is very encouraging and supports our standing expectation that solid fundamentals will support solid spending gains. March's strong sales raise the starting point for consumption in Q2. Note that control retail sales account for about 25% of total consumption, while data on services consumption, the largest component, will be made available for February and March around the release of Q1 GDP (set for April 26)," Levy commented.

James Knightley, the chief international economist at ING Economics, said retail sales appear to be bouncing back after a weak end to 2018.

"With employment continuing to rise, wage growth picking up and consumer sentiment remaining firm, we look for consumer spending to make an ongoing positive contribution to US GDP growth. Currently, the Atlanta Federal Reserve GDPNow model is suggesting the economy expanded at a 2.4% annualised rate in 1Q19, but after today's figures, this is likely to push towards 2.6%. As such, there is a clear upside risk to our 2.1% forecast and the 1.8% consensus on Bloomberg definitely looks too pessimistic," Knightley suggested.

12.30pm: Blue-chips mixed ahead of expected soft US open

The index of leading shares was still idling slightly below last night's close ahead of what is tipped to be a soft US opening.

The Footsie was 11 points (0.1%) in the hole at 7,461. Across the pond, spread betting quotes point to the Dow Jones opening about 40 points lower at 26,409 and the S&P 500 shedding 4 points to start at around 2,896.

"European stock markets are a little lower this morning as the mixed PMI reports from France and Germany prompted traders to take some money off the table," said David Madden, a market analyst at CMC Markets.

"Traders are mindful of the Easter break and we might see some trimming their positions ahead of the long weekend," he added.

At Oanda, Craig Erlam is intrigued that the strong dollar is not holding back gold.

"Gold is holding onto gains early in the session, although it's still trading below US\$1,280 which had previously been a strong support zone for the yellow metal. It already tested this from below on Wednesday and held but another run may be on the cards," Erlam said.

"The bears won't have been filled with confidence earlier this morning as we barely made a new low - and with flagging momentum - before prices started to rise again. Coming even as the dollar rallied doesn't provide any additional comfort either. A break back above \$1,280 doesn't necessarily signal the end of the decline in gold prices but it will make the bears nervous coming so soon," he added.

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London's equity market was on the quiet side ahead of the long Easter break.

Nektan PLC (LON:NKTN), which announced a share placing yesterday, made a bit of a splash after it announced it had successfully placed 13.98mln shares at 15p a pop, with company founder Gary Shaw buying 4.6mln of those shares.

READ Nektan completes sale of stake in US gaming business

Nektan shares were up 10% at 13.75p.

Excited to announce that we've completed the majority sale of our US subsidiary, Respin, while still retaining a material stake in the emerging US market. For more info: <https://t.co/s16Hjo85W8>. #NKTN #onlinecasino #igaming #USgaming pic.twitter.com/lr6K5Ps3i4

— Nektan PLC (@NEKTANPLC) April 17, 2019 11.00am: Blue-chips rally as sterling slides
The Footsie was wending its way back towards par as sterling weakened further on foreign exchange markets.

With sterling off almost a third of a cent at US\$1.3010, the top-shares index was down 15 points (0.2%) at 7,450.

The benchmark had initially slipped a bit further into the red after some surprising retail sales numbers.

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"An unexpected rise in UK retail sales for March has caused a pop higher in the pound with the currency bouncing from the \$1.30 handle in response. A 1.1% rise in month-on-month terms represents a big beat on the -0.3% expected, and the prior reading was revised higher by 20 basis points to 0.6% for good measure," reported David Cheetham at XTB.

"The year-on-year reading was a bumper +6.7% after 4.0% last time out, but this is to last March falling out of the data set, which was a very bad month for consumer spending due to adverse weather effects caused by the Beast from the East. The data is the third release in three days from the UK, which on the whole is pretty mixed for the pound with today's positives mitigating the soft inflation data," he added.

Commenting on the retail sales release from the Office for National Statistics (ONS), Rhian Murphy, the figures, head of retail sales at the ONS, said: "March's mild weather boosted sales, with food shops also recovering after a weak February.

"Over the longer term, department stores were the only shop type to see their sales shrink."

According to James Smith at ING Economics, the March retail sales figures sound a bit too good to be true.

Even so, spending could continue to modestly improve as Brexit uncertainty temporarily dips, Smith suggested, "but given the challenging outlook for investment, we don't expect the Bank of England to hike rates this year".

On the corporate news front, there has been a moderate amount of new flow, with Unilever's impressive update overshadowing the first quarter release from rat-catcher and laundry services provider Rentokil Initial PLC (LON:RTO).

Rentokil Initial says trading started well across its businesses in the first quarter of 2019 - Proactive Investors UK <https://t.co/q2OAzY5QT4> pic.twitter.com/hSobMD1EAA

— Maximum Pest Control (@maxipestcontrol) April 18, 2019

"Rentokil shares have reached another all-time high this morning after the group revealed a solid first-quarter update. Revenue for the first three months jumped by 8.9%, but a sizeable portion of that was down to acquisitions, and the organics growth rate was 4%, which was an improvement on the 3.2% achieved in the previous years," noted David Madden at CMC Markets.

Rentokil's shares were up 0.8%.

9.45am: Surprisingly strong retail sales data provides no tonic
The release of UK retail sales figures sent London's top-shares index further into the red.

The index of leading shares was down 24 points (0.3%) at 7,448.

Today's retail sales figures show that a range of store types benefitted from a milder March, in comparison with the

'Beast from the East' in March 2018 <https://t.co/dMs8Rkzfer> pic.twitter.com/IPmFXyT627

— ONS (@ONS) April 18, 2019

Retail sales in March, excluding fuel sales, were up 1.2% month-on-month, having risen 0.4% in February. Economists had expected a 0.3% decline.

On a year-on-year basis, the rise was 6.2%, up from 3.8% in February and well ahead of the consensus forecast of 4.0%.

READ: Gold as an investment 9.20am: Sterling's weakness fails to arrest the Footsie's slide
London's leading stocks drifted lower despite sterling losing ground against the dollar on foreign exchange markets.

A weak pound is usually a plus point for the Footsie but the index was down 17 points (0.4%) at 7,454, with the number of stocks on the slide outnumbering those on the rise by almost two-to-one.

Anglo-Dutch consumer goods giant Unilever has taken over from Ashtead as the top performer among Footsie stocks; the former is up 3.3% after a first quarter trading update and the latter is 2.5% after some decent figures from US rival United Rentals.

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"Investors will be pleased with the increase in the quarterly dividend by 6% to €0.4104, but will be hoping the company can boost sales growth in the future; something analysts have been increasingly concerned about," said Graham Spooner at The Share Centre, in his analysis of Unilever's update.

AJ Bell's Russ Mould said it was a "satisfactory first quarter" for new chief executive Alan Jope, who has been in the hot seat since January.

"Now comes the hard part - he needs to find a way to stop the company's sales growth from slowing down and adapt Unilever for the new era of retail where online shopping and the rise of discounters are driving down prices," Mould said.

"Jope needs to decide the shape of Unilever for the next phase of its life - whether that means slimming down the business further to concentrate on the strongest parts or making acquisitions to further increase scale in certain product lines," he added.

Defence firm BAE Systems PLC (LON:BA.) was down in the FTSE 100 cellar, shedding 2.7% at 497.25p, trading in ex-dividend form.

Unilever's Anglo-Dutch rival, Reckitt Benckiser PLC (LON:RB.) was also trading without the right to receive the recently announced dividend and was down 0.7%.

8.35am: Subdued start on Maundy Thursday

The FTSE 100 was in a holding pattern early on Thursday, drifting 5 points lower to 7,466.78.

"[The index] seems to have given up for the holidays, stalling before the 7,500 level," said analyst Neil Wilson of Markets.com.

"It could make a stab at this today but there's already a holiday feeling in the City".

Unilever's (LON:ULVR) shares were in demand early on, rising 1.7% as quarterly sales rose, boosted by price increases in some of its basket of household products.

Shares in plant hire firm Ashtead (LON:AHT) topped the FTSE 100 with a 2.3% rise boosted by a read-across after results from its US peer United Rentals. A big dollar earner, the stock also normally benefits from a slide in the value of

the pound and the price will no doubt have garnered some support from the company's buyback operation.

Dropping down to the FTSE 250, price comparison group Moneysupermarket (LON:MONY) spiked 5% higher after its quarterly figures passed muster.

There was little movement from the retailers ahead of the monthly health check of the sector, with ONS retail sales data due at 9.30am.

Proactive news headlines:

ANGLE PLC (LON:AGL) (OTCQX:ANPCY) said its liquid biopsy system was used to assess the metastatic potential of breast cancer. Metastasis is the process by which the cancer spreads from its primary location.

Galantas Gold Corporation (CVE:GAL) (LON:GAL) ended 2018 with cash balances at December 31, 2018 of C\$6.2mln, up from C\$779,758 a year earlier. The company's gold mine in Omagh, Northern Ireland, commenced limited production during the third quarter of 2018 from feed produced in the development of the Kearney vein.

SkinBioTherapeutics PLC (LON:SBTX) has appointed its soon-to-be chief executive, Stuart John Ashman, to the board as an executive director.

Silence Therapeutics PLC (LON:SLN) has given interim chief financial officer (CFO) Rob Quinn the job on a permanent basis.

Capital Drilling Ltd (LON:CAPD) revealed a first quarter in-line-with expectations, and, highlighted a continued strong performance for key long-term contracts. Revenue was reported at US\$27mln, up 1.5% compared to the comparative quarter of 2018.

Shanta Gold Limited (LON:SHG) is on track to produce between 80,000-84,000 ounces of gold this year after the first quarter saw output rise to 22,400oz. The Tanzania-focused gold miner added it expects to be debt free by the middle of next year. Underlying earnings in the quarter (EBITDA) were US\$11.4mln, a 15% increase on the previous three months.

G3 Exploration Ltd (LON:G3E) revealed an improvement in revenue for last year, including the assets that will be sold to Green Dragon Gas (GDG). The China focused group reported US\$28.6mln of revenue for the twelve months ended 31 December, up 11% from the US\$25.7mln generated in 2017. Cash generation amounted to US\$3.4mln.

88 Energy Ltd (LON:88E) continues to look forward to a potential farm-out deal for its Project Icewine conventional project area in Alaska. The explorer, in a quarterly update, said it expects that the deal is targeted in the second quarter.

Rockfire Resources PLC (LON:ROCK) has provided an update on its three field-based exploration activities in Queensland, Australia which are all showing progress in soil sampling.

The independent directors of Argo Blockchain PLC (LON:ARB) have urged investors to vote against resolutions to oust the crypto miner's two founders - Jonathan Bixby and Mike Edwards. A meeting to decide the pair's fate has been requisitioned for May 16 at the behest of a company ultimately owned by entrepreneur, Frank Timis.

Kodal Minerals PLC (LON:KOD), the mineral exploration and development company focused on the Bougouni Lithium Project in Southern Mali, has announced the immediate appointment of Charles Joseland as an independent non-executive director. The group said Joseland is a chartered accountant and has 32 years' experience with PwC including 20 years of experience as an audit partner, as part of its Energy, Utilities & Mining Group.

Custodian REIT (LON:CREI), the UK property investment company, has confirmed its fourth quarterly interim dividend for the financial year ending 31 March 2019 of 1.6375p per share will be paid on 31 May 2019 to shareholders on the register on 26 April 2019 and will be designated as a property income distribution.

Ncondezi Energy Limited (LON:NCCL) has issued and allotted 764,165 new ordinary shares following the receipt of a shareholder loan conversion notice from lenders at a conversion price of 10.0p per share.

6.45am: FTSE 100 set to start on the back foot

The FTSE 100 is set to start the last day of the shortened week on the back foot, following US equities lower.

Pre-holiday trading is, naturally, expected to be on the light side.

CFD and spreadbetting firm IG is calling the London index down 13 points, making the price 7,450 to 7,453.

"Trouble in the healthcare sector overshadowed strong quarterly earnings and upbeat data from US and China," said Jasper Lawler, analyst at London Capital Group.

"The healthcare sector extended Wednesday's 2% losses with a further 2.9% decline amid growing concerns of regulatory pressure on pricing. Political uncertainty is now starting to hang over healthcare stocks leaving investors wanting out.

"The selloff in healthcare stocks overshadowed strong earnings for corporate America."

In New York, the Dow Jones ended Wednesday slightly lower, losing 3 points or 0.01% to 26,449 while the S&P 500 was down 0.23% to close at 2,900 and the Nasdaq edged 0.05% lower to 7,996.

Asian stocks similarly dropped off onto the back foot.

Japan's Nikkei lost 172 points or 0.77% to 22,105, while Hong Kong's Hang Seng moved down 0.54% to 29,961 and the Shanghai Composite was 0.25% lower at 3,255.

Around the markets:

- Sterling: US\$1.3047, up 0.03%
- Gold price: US\$1,272 per ounce, unchanged
- Brent crude: US\$71.62, down 0.126%
- Bitcoin: US\$5,268, up 1.06%

Significant announcements expected on Thursday April 18:

Trading update: Unilever plc (Q1) (LON:ULVR), Rentokil Initial PLC (LON:RTO), Moneysupermarket PLC (LON:MONY), PZ Cussons PLC (LON:PZC), South32 Ltd. (LON:S32), Polymetal International PLC (LON:POLY)

Finals: G3 Exploration Ltd. (LON:G3E)

Ex-dividends to clip 4.2 points off FTSE 100 index: BAE Systems PLC (LON:BA.), Reckitt Benckiser PLC (LON:RB.)

Economic data: UK retail sales; US weekly jobless claims; US retail sales; US Philly Fed manufacturing report

City Headlines:

- No Brexit more likely than a disorderly one, say economists - Reuters
- Competition watchdog recommends accountancy market overhaul - BBC News
- Pinterest's IPO sets company value at \$12.7bn amid flurry of tech debuts - The Guardian
- Zoom, the profitable tech Unicorn, prices IPO above range - Tech Crunch
- HS2 buys residential properties and land worth £600m - BBC News
- Australia adds more jobs than forecast in March - Financial Times
- Mark Carney's warning on climate change is timely, but it's only a start - The Guardian

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