

WALL STREET

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Draghi gives markets a lift as he hints at rate cut

Comments from the European Central Bank (ECB) president Mario Draghi have lifted spirits on the other side of the pond.

Draghi hinted that the ECB is ready to cut interest rates next month, and pundits are speculating whether an asset purchase programme could also be on the cards.

That was enough to give the US benchmarks a lift; the futures markets were pointing to a weak opening before Draghi piped up, but the big three benchmarks are all firmer, with the Dow Jones up 56 (0.3%) at 16,574, the S&P 500 up 7 (0.4%) at 1,885 and the NASDAQ Composite up 15 (0.4%) at 4,083.

Electric car maker Tesla is stuck in reverse after first quarter car deliveries came in much lower than expected, due in part to supply difficulties with batteries. Goldman Sachs maintained its neutral stance on the car maker.

Online retailer Priceline.com is also hit hard after it guided towards second quarter earnings per share of between 11.22 to 12.02 cents, versus expectations of around 12.16.

In the UK, shares have perked up a bit in the wake of Draghi's comments, with the FTSE 100 up 41 at 6,837, largely thanks to Barclays (LON:BARC).

The City enjoys news of a massive round of redundancies and the banking titan is up 7% after announcing it is to slash 14,000 jobs this year, half of them in the UK; that's a higher number than the 10,000 to 12,000 number it cited earlier in the year.

Notably, it is also to set up a so called "bad bank" which will eventually sell or run down £115bn of non-core operations, including £90bn of investment bank assets.

Struggling supermarket Morrison (LON:MRW) reversed early losses and is up 3.7% as the market took note of the company's maintained full-year profits guidance, despite a decline in sales in quarterly results that was worse than analysts had expected.

Like-for-like sales, excluding fuel, fell 7.1% in the 13 weeks to May 4.

Elsewhere in the retail sector, fashion retailer Supergroup (LON:SGP) is on the skids after it said profit for the full-year will be towards the "lower end of consensus". Shares are off 13%.

Also under the cosh is accountancy software giant Sage (LON:SGE) after it was revealed it will soon have to say goodbye to chief executive Guy Berruyer. The shares are down 7.5%.

New World Oil & Gas (LON:NEW) is the best performing stock overall. Its shares rocketed more than 31% as its arrangements with strategic investor Niel Petroleum took a new twist. Kuwaiti businessman Dr Muaaz KH M Alfahaid is to buy a 20% stake in Niel for US\$20m, and that money will be used for the final subscription payment to New World.

Niel agreed last September to invest US\$25m in New World, taking a 75.66% stake in the AIM-listed explorer. Delays in completing of the deal left New World waiting for a transfer of funds, though US\$4.8m was paid earlier this year.

Share Information

MarketTopic Synopsis:

A look at the US markets.

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SerVision (LON:SER), up 26%, is another star performer, after it struck a deal with a North American distributor for its video gateway products that has a headline value of US\$4mln.

E-Therapeutics (LON:ETX) has resumed recruitment of patients in its phase 1a trial of its brain cancer drug, ETS2101, after the all-clear from the US regulator.

Recruitment was halted due to a drug storage issue but after the clearance from the US Food and Drug Administration the trial will now continue with higher doses in further cohorts of patients.

The news put the stock back in favour, and the shares are up 8.6%.

Also on the rise is Max Petroleum (LON:MXP), which is up 11% after another well success in Kazakhstan. The KZIE-4 appraisal well was drilled to a depth of 1,318 metres, and logging indicates it has encountered 15 metres of net oil pay across two Jurassic reservoirs.

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