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easyJet plc

04:04 20 Nov 2019

FTSE 100 closes in the green but Wall Street generally lower as trade deal hopes fade

- FTSE 100 closes up 16 points
- US benchmarks mixed
- Oriole Resources flies high after good news from associate company Thani Stratex

5.05pm: FTSE 100 closes ahead
FTSE 100 index closed in the green on Tuesday, but across the board, were mixed, as traders adopted a risk-off attitude as any progress on US/China trade seemed to have ground to a halt.

The UK index of leading shares closed up around 16 points at 7,323, while its mid-cap cousin, the FTSE 250 added almost 88 points to stand at 20,528.

On Wall Street, shares were mixed with the Dow Jones Industrial Average plunging 124 points, and the S&P 500 lost around 1.5 points. The tech heavy Nasdaq index, however, added around 25 points to stand at 8,575.

"The US-China trade situation remains in centre stage, and there doesn't appear to be a clear way out of the deadlock. In the past 24 hours we have heard that Beijing are pessimistic about reaching a deal with the US," noted David Madden, analyst at CMC Markets.

"The Trump administration has granted permission to US companies to continue dealing with Huawei for another 90 days, which is a token gesture, but it shows goodwill nonetheless," he added.

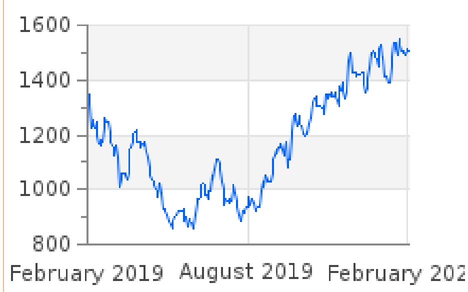
"Traders have failed to get excited today as the trade spat seems to have reached a standstill."

Against the US dollar, the pound lagged around 0.19%.

Price: 1262.49

Market Cap: £5.02 billion

1 Year Share Price Graph



Share Information

Code:		EZJ
Listing:		LSE
52 week	**High**	**Low**
	1570	**840**
Sector:		**Leisure, gaming and gambling**
Website:		**www.easyjet.com**

Company Synopsis:
EasyJet is engaged in the provision of a low-cost airline service on short-haul and medium-haul point-to-point routes principally within Europe.

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3.50pm; FTSE swoons
The Footsie suffered a swoon in the afternoon as US benchmarks kicked into reverse.

Earlier gains on the Footsie had been reduced to 26 points (0.3%), with the index loitering around the 7,335 level.

"Earlier, reports from the day before suggesting scepticism in Beijing about a broad deal being reached anytime soon were shrugged off. Instead markets focused on word that the White House would extend a licence allowing US companies to do business with Huawei," said Ken Odeluga at City Index.

"Markets then roughly halved gains soon after Wall Street's open. China's state-run Global Times noted that 'Big gaps remain in China-US trade talks'. Two years after the trade dispute began, few reminders are needed that improved prospects can unravel in the time it takes to post a tweet," he added.

Entering the final hour of trading, Oriole Resources PLC (LON:ORR) was the top performer on the back of news relating to Thani Stratex Resources, a company in which it has a 26.1% stake.

Oriole's shares flew 44% higher to 0.49p after Thani reached an agreement with its joint venture partner Onyx for the funding of an exploration programme in Djibouti.

The top faller was Plutus PowerGen PLC (LON:PPG), which plunged 37% to 0.11p after the company revealed it has ceased to receive management fees from its six FlexGen sites and its management contract with Attune Energy.

2.45pm: US markets open marginally higher
US markets opened higher but not as ebulliently as previously expected following the release of housing starts data.

The Dow Jones and the S&P 500 both broke new ground, with the former up 20 points (0.1%) at 28,057 and the latter 1.6 points firmer (0.1%) at 3,122.

US housing starts rose to 1,314,000 in October from 1,266,000 in September, which was a tad below the consensus forecast of 1.32mln.

Housing permits climbed to 1,461,000 from 1,391,000, which was comfortably above the consensus forecast of 1,385,000 and was also the highest level since May 2007.

"Both single- and multi-family starts rose; the former are tracking permits with their usual one-month lag. A further increase is a decent bet for November. The multi-family numbers are very noisy and were well below trend in September; the October increase is just mean reversion, and the trend is about flat," said Ian Shepherdson at Pantheon Macroeconomics.

In the UK, the FTSE 100 was up 79 points (1.1%) at 7,387.

1.30pm: FTSE 100 knocking on the door of 7,400
US indices are expected to open higher as traders ignore mounting concerns about progress in US-Sino trade talks.

Spread betting quotes suggest the Dow Jones will open 54 points higher at around 28,090 and the S&P 8 points to the good at a little above 3,130.

"Yesterday we heard that Beijing were pessimistic about the possibility of signing phase one the trade deal, and the story hasn't moved along," said CMC's David Madden.

"Traders are buying back into the market despite the lack of progress on the trade front. The issue has dominated the headlines in recent weeks and is likely to stay at the forefront of dealers' minds until mid-December - when the US are due to slap on new tariffs. The rally this morning underlines traders' expectations of a deal being achieved," he added.

That rally has taken the Footsie to the cusp of 7,400; the index currently lies a few points short of that milestone at 7,394, up 86 points on the day (1.2%).

With global equity markets generally on the rise, those companies that are heavily invested in equities - insurance companies, fund managers and the like - are in demand, with retail-focused funds supermarket Hargreaves Lansdown (LON:HL.) leading the way with a 3.7% rise to 1,841.5p.

A contract win for Meggitt PLC (LON:MGGT) sent shares in the supplier of widgets to the aerospace and defence sector 2% higher to 227p.

"2019 has seen defence contractor Meggitt finally overtake the FTSE 100 on a five-year performance time-frame, having lagged the index until mid-July this year. This restores the relationship, with the firm continuing to power ahead over the longer term," noted Chris Beauchamp at IG Group.

"A recent revenue upgrade and today's contract win confirm the stronger outlook for the shares, which trade at 16.5 times forward earnings. While no longer in bargain territory, there seems ample reason to justify the current valuation," he added.

12.15pm: CBI Industrial Trends Survey: miserable but better than expected
The Footsie did not quite manage a triple-digit gain, getting a nosebleed when on the cusp, but leading stocks remain buoyant.

London's index of blue-chip stocks was up 85 points at 7,393, 11 points below its intra-day high.

The industrial trends survey for November by industry pressure group the CBI was a bit of a downer.

The survey of 307 manufacturers found that total order books improved on October (when they were at their weakest in nine years) but remained significantly below their long-run average, the CBI said.

The CBI's total orders balance improved to -26 in November, from -37 in October (a nine-year low), and above the consensus forecast of -30.

Export order books also strengthened on the previous month, albeit from their weakest level since the financial crisis of 2008) but also continued to be below the long-run average, the CBI reported.

Output volumes fell at a similar pace to October, with output expanding in only five out of 17 sub-sectors. The headline fall in output volumes was driven largely by the motor vehicles, metal products, and metal manufacture sub-sectors. Meanwhile, the main positive contributors to output were the mechanical engineering and plastic products sub-sectors, alongside a boost from the aerospace sector's output.

The CBI said the firms surveyed anticipate that output volumes will remain flat in the next three months.

"While the thick fog of uncertainty from a No Deal Brexit has lifted somewhat, the manufacturing sector remains under pressure from weak global trade and a subdued domestic economy," declared Anna Leach, the CBI's deputy chief economist.

"Order books remain below average, and output volumes continue to fall. When taking into account the deteriorating outlook for manufacturing globally, it's clear that the outlook for the sector remains precarious.

"The General Election is an opportunity for all parties to explain how they will shore up our economy. Ratifying a Brexit deal and moving on to build a vibrant future relationship with our biggest trading partner, based on frictionless trade, will be vital - both for UK manufacturers, and business as a whole," she added.

Howard Archer, the chief economic advisor to the EY ITEM Club, said there was little in the CBI report to inspire confidence that better times might be just around the corner for the UK manufacturing sector.

"The November survey indicated that the manufacturing sector is having a difficult fourth quarter with both domestic and foreign demand under pressure. Domestic demand for manufactured goods has been hampered by businesses' caution over investment amid a myriad of uncertainties (Brexit, domestic economic and political, global economic) which is limiting expenditure on capital goods. There also appears to currently be increased consumer reluctance to spend on big-ticket manufactured items," Archer said.

"Meanwhile, stock-building by manufacturers rose despite the date for the UK to leave the EU being extended to 31 January from 31 October and the risk of a 'no deal' exit seemingly waning. Specifically, the balance for stocks of finished products rose to +17% in November after dipping to +11% in October from +28% in September (the highest level since May 2009); however, this was not that far above the long-term average of +13%.

"Manufacturing volumes were reported to have fallen over the past three months with a balance of -9% of manufacturers reporting a rise. This compared to balances of -10% in October, +1% in September and -3% in August. Only five of the 17 manufacturing sub-sectors were reported to have seen a rise in output over the three months to

November," Archer said.

11.00am: FTSE 100 eyeing a triple-digit gain

UK blue-chips were getting a wiggle on ahead of this evening's head-to-head televised debate between party leaders Boris Johnson and Jeremy Corbyn.

Helped by a slight softening of the pound against the dollar, the FTSE 100 was homing in on a triple-digit gain, up 96 points (1.3%) at 7.404.

"European markets are rallying and US futures are already pointing to solid gains, as risk appetite comes storming back following a mixed session yesterday. It is almost as if this is still a bull market," quipped Chris Beauchampm the chief market analyst at IG.

"Today sees the first clash on TV between Jeremy Corbyn and Boris Johnson, a discussion likely to generate more heat than light. Both leaders know their polling has picked up of late, and will want to continue that move, while the poor Lib Dems will have to wait for another way of boosting their flagging position. There is still plenty of time to go, but one imagines Conservative Central Office will be very pleased with the overall position so far," Beauchamp speculated.

The mid-cap FTSE 250 was clutching tightly to the Footsie's coat-tails, racking up a 218 point (1.1%) gain at 20,659, with Puretech Health PLC (LON:PRTC) leading the way with a 16% leap to 290p.

READ PureTech Health surges as Karuna investment rockets 442%
The shares shot up after its 32%-owned investment Karuna Therapeutics Inc (NASDAQ:KRTX) enjoyed a whopping 442% leap overnight.

Low-cost airline easyJet PLC (LON:EZJ), now skulking in the FTSE 250 tent after being ejected from the FTSE 100, was 4.2% higher at 1,330.5p on the back of its full-year headline profits that were towards the top end of the guidance range.

"All in all, these results reflect a difficult year however investors should look past these figures," suggested Joe Healey, an investment research analyst at The Share Centre.

"With the budget airline boasting one of the strongest balance sheets, today's announcement of the revival of its package holiday business and plans to address carbon emissions are sure to please investors. In addition, with record customers flying this financial year, cost cutting making progress and improving revenue per seat throughout the second-half of the year, the future does not look as dreary as once seemed," he added.

9.30am: Solid start with Halma leading the way
Despite doubts growing about progress on a US-Sino trade agreement, London's leading shares have made a positive start.

The FTSE 100 was up 30 points (0.4%) at 7,338, led by engineering conglomerate, Halma PLC (LON:HLMA).

Halma rose 8.7% to 2,064p after it said order intake in the second half of the current fiscal year has been ahead of the same period the year before.

Another conglomerate, Melrose Industries PLC (LON:MRO), was also wanted after its trading statement.

The shares rose 1.6% after the acquisitive firm, which swallowed up GKN last year, said it is trading in line with expectations for 2019.

"The improvements in the businesses are being delivered at pace and the Melrose board is confident this will unlock significant further shareholder value," the company said.

#MRO Melrose Industries: Trading Statement

Trading in line...excellent performance given the GM strike & the ho um nature of many of their end markets????
https://t.co/FEUQBSLtPK

— Rhomboid1 (@rhomboid1MF) November 19, 2019

Proactive headlines
Secure payments specialist Eckoh PLC (LON:ECK) maintained its full-year guidance after a confident start to its financial year - one in which operating profits grew 235%.

ECSC Group PLC (LON:ECSC) has hailed a "strong return to growth" after reporting record levels of Consulting, Managed Services and Incident Response revenue in its third quarter.

ITM Power PLC (LON:ITM) has signed a collaboration agreement with Japan's Iwatani Corporation to deploy multi-megawatt electrolyser-based hydrogen energy systems in North America.

Redx Pharma PLC (LON:REDX) said grant funding for its latest project provided "validation" of its scientific capabilities.

Equals Group Plc (LON:EQLS) is expecting to add 1,000 corporate customers to its roster following the acquisition of UK-based payments firm Casco.

Hurricane Energy PLC (LON:HUR) is beginning drill stem testing on the Warwick West well, located in the UK's West of Shetland continental shelf.

Oracle Power PLC's (LON:ORCP) resource on Block VI at Thar in Pakistan has been officially recognised as a potential coal gasification into fertiliser project.

Alien Metals Ltd (LON:UFO) has notified the seller of the Hancock Ranges and Brockman iron ore projects, Windfield Pty Ltd, that it intends to exercise its option to acquire a 51% interest. The decision follows the completion of the technical due diligence report.

Arc Minerals Ltd (LON:ARCM) has signed an US$8mln option agreement to sell its wholly-owned Šturec gold project in Slovakia to MetalsTech Limited (ASX:MTC), in a bid to exit gold interests.

Thani Stratex Resources, a company 26.1% owned by Oriole Resources PLC (LON:ORR), has reached an agreement with its joint venture partner Onyx for the funding of an exploration programme in Djibouti.

Cadogan Petroleum Plc (LON:CAD) expects production to resume soon at the Blazhiv field in Ukraine, after the awarding of 20-year production license was delayed.

Columbus Energy Resources PLC (LON:CERP) has appointed Tony Hawkins as its chief executive with immediate effect, with Leo Koot remaining as executive chairman.

6.45am: FTSE 100 called higher
The FTSE 100 is expected to continue its lethargic way on Tuesday, refusing to emulate its go-getting cousins across the pond which all notched up new records overnight.

London's blue-chip benchmark is predicted to climb around 10 points higher to 7,316, according to spread betters.

Wall Street flirted with falls at the start of the week but eventually inched to new highs as traders balanced contradictory comments about a trade deal.

Following bullish talk in Washington last week and an extension given to China's tech giant Huawei, Beijing was reportedly a little "pessimistic" about reaching a deal.

The Dow Jones added 31 points of 0.1% to tick off a new highest-ever closing level of 28,036, while the broader S&P 500 shuffled up 1.57 points to finish at just above 3,122, and the Nasdaq Composite put on around nine points to close slightly below 8,550.

Asian markets are mixed amid continued tensions around Hong Kong, where a high court ruling was overruled by China's National People's Congress.

Japan's Nikkei was down 0.4% to 23,323 but the Hang Seng was up 1% and the Shanghai Composite 0.5%.

Leaders and companies
There's a bit of macro data about today, including the CBI's industrial trend survey later in the morning, plus later in the evening, Boris Johnson and Jeremy Corbyn will be going head-to-head in the ITV party leaders debate.

With the Conservatives doing better in the polls, the pound has been inching up to not far off $1.3 in cautious anticipation of a bigger majority for the Prime Minister and a supposedly smoother Brexit process.

That's some way away, with a planeload of company announcements due up first, including from easyJet PLC (LON:EZJ).

The budget airline was confident its full-year profit will touch down at the higher end of its guidance when it put out a trading update last month.

With costs rising 12% on last year, the FTSE 250-listed flyer's annual profit before tax is expected to come in between £420mln and £430mln, down 25%-27% from a year ago but in the upper half of the £400mln-£440mln.

Investors will mostly be looking for an update on the 2020 outlook, which was missing from the group's recent update.

Over at Melrose Industries PLC (LON:MRO) there will be a quarterly update on management's attempts to turn around engineer GKN after gaining control via a hostile takeover a year and a half ago.

In the first half of 2019 GKN's three divisions were said to be on track to meet targets, with adjusted and statutory revenues both doubling.

While broker Peel Hunt said such quarterly updates are traditionally "low key affairs" for the company, market sentiment is being driven higher by the "very robust" auto profit margin of 7.6% despite the revenue decline of 7% in the first half of the year and the better than expected strength of the balance sheet.

The Aerospace arm was also accelerating in the first six months, with organic revenue growth of 7%.

"If these trends have continued through Q3, then the stock can kick on...The catalyst for the next stage of the re-rating is a disposal, which would take the leverage debate off the table and generate a cash return to investors."

Peel Hunt also does not expect many surprises from Big Yellow Group PLC (LON:BYG), which has been a strong share price performer this year.

"Big Yellow experienced a period of reduced activity around the last Brexit date and it will interesting to see whether the same occurred in the run-up to 31 October," the broker said.

Peel analysts think forward-looking returns are slowing and yet still the storage companies trade on "the highest respective P/E multiples we've seen for a number of years".

Tuesday 19 November
Finals: easyJet PLC (LON:EZJ)

Interims: AO World PLC (LON:AO.), Big Yellow Group PLC (LON:BYG), CML Microsystems Plc (LON:CML), Halma PLC (LON:HLMA), Homeserve PLC (LON:HSV), Palace Capital (LON:PCA), Scapa Group PLC (LON:SCPA), SRT Marine Systems PLC (LON:SRT), Telecom Plus PLC (LON:TEP), Trifast PLC (LON:TRI)

Trading statements: Melrose Industries PLC (LON:MRO), Equiniti Group PLC (LON:EQN), Keller Group PLC (LON:KLR), Polypipe Group PLC (LON:PLP)

Economic announcements: CBI industrial trends, ITV leaders debate (8pm), US housing data