UK: +44 (0)207 989 0813
NA: +1 646 896 3065
AU +61 2 9280 0700
action@proactiveinvestors.com

18:45 12 Oct 2017

FTSE 100 closes at record high bolstered by weak pound on Brexit talks 'stalemate'

- FTSE 100 closes at record high of 7,556.24, up 22.43 points
- Sterling weak on Brexit 'deadlock'
- US stocks lower after record highs

The FTSE 100 closed at a record high, boosted by a weak pound that took a hammering on worries of a Brexit talks 'deadlock'. The FTSE 100 rose 22.43 points to close the day at 7,566.24, achieving an all time closing high. It beat the high hit in May of 7,547.63 but it was still below the intraday record of 7,598.99.

The pound fell to $1.3172, late Wednesay in New York on concerns over the stalemate in the talks between the EU and the UK.

'We are not asking for "concessions". #Brexit is not about concessions on citizens' rights, Ireland or financial settlement.' @MichelBarnier pic.twitter.com/3S09g1TQtD

— European Commission (@EU_Commission) 12 October 2017

The EU's chief Brexit negotiator, Michel Barnier had said on Thursday that not enough progress had been made to recommend talks move on to the future trade relationship between both parties.

David Madden, at CMC Markets said: "The bullish move was achieved for the wrong reasons, as the dip in the pound on the back of the stalled Brexit talks helped the British index."

The pound did make a recovery from its earlier weakenss after Barnier, in remarks made later, said that despite the deadlock in talks over the divorce bill, "decisive progress" could be made by Christmas.

In a joint news conference with UK Brexit Secretary David Davis, Barnier admitted that some progress had been achieved on citizens' rights and Ireland's common travel area.

Top risers were St James's Place (LON:STJ), up 4.07% at 1,176.00p after JPMorgan Cazenove advised buying ahead of its quarterly update which is due on October 24. Hargreaves Landsdown (LON:HL), was another gainer, up 2.67% at 1,536.00p, mainly bolstered by the falling pound, which supports fund flows and lowers costs.

HSBC was the top faller, down 1.50% at 747.00p after announcing that its current head of retail banking and wealth management division, John Flint, will takeover as chief executive, replacing Stuart Gulliver who will step down in Feburary 2018. Its shares went ex-dividend.

Royal Mail Group PLC (LON:RMG) closed up 1.80p at 387.20p, after the company fended off plans for a 48-hour strike by its workers.

3.55pm: Mail strike reprieve

Royal Mail Group PLC (LON:RMG) shares rose after the BBC News website reported that the mail delivery firm has won an injunction in London's High Court preventing next week's 48-hour strike.

The postal firm's workers had been set to walk out from 19 October in protest over pensions, wages and jobs.

Share Information

MarketTopic Synopsis:

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

Author:
Jon Hopkins
+44(0)1202770386
action@proactiveinvestors.com

But the company said the strike would be "unlawful" if the Communication Workers Union (CWU) did not follow dispute resolution procedures.

A strike ballot of the CWU's 110,000 members had produced an 89.1% vote in favour.

Around 4pm, Royal Mail shares on the FTSE 250 index were 1.1% lower at 389.9p.

With about half an hour of trading to go in London, the FTSE 100 index was up nearly 20 points at 7,553 supported by a weaker pound despite early weakness on Wall Street.

3.25pm: Nice one Harry
On the day bitcoin has rocketed through the US$5,000 level, former Premier League football manager Harry Redknapp has backed a rival crytocurrency today - electroneum:

Proper excited about Mobile Cryptocurrency! I'm in, get involved! https://t.co/mvHfi14Z2G @electroneum #Electroneum

— Harry Redknapp (@Redknapp) 12 October 2017
I guess the benefits of having Harry do some publicity for you is paying off given that even I have included his tweet!

3.10pm: New York retreats, but Footsie holds firm
The FTSE 100 remained higher in late afternoon trading despite US stocks beating a retreat in early trading, with UK blue chips given a boost from a drop by sterling on Brexit 'deadlock' worries.

Around 3.00pm, the UK benchmark was up around 20 points at 7,554, just below the session peak of 7,565.11 and well above the low of 7,526.33.

On currency markets, the pound, sterling shed about 0.6% against both the dollar and the euro, at US$1.3134 and €1.1084 respectively, hit by comments from the European Union's chief Brexit negotiator Michel Barnier who said that divorce bill talks with the UK are in a state of "deadlock".

After half an hour of trading on Wall Street, the Dow Jones industrials was down 25 points at 22,847, with both the broader S&P 500 and tech-laden Nasdaq Composite both lower as well, having hit fresh record highs yesterday.

Craig Erlam, senior market analyst at Oanda said: ""The FOMC meeting minutes, released on Wednesday, had the potential to be the week's most notable economic event but as many expected, there was very little in them that we were not aware of.

"We saw some softness in the dollar shortly after but this had been building prior to the release and I'm not convinced that many officials being concerned that inflation may not be transitory is the revelation it was made out to be."

US banking stocks were weaker despite both Citigroup Inc (NYCE:C) and JP Morgan Chase & Co. (NYSE:JPM) reporting above-forecast third-quarter results as the earnings season clicked up a gear.

2.20pm: Electric vehicles plugged in

The UK will spend £1bn to promote electric and other low-emission vehicles, and step up spending on research and innovation, as part of plans to invest £2.5bn by 2021 to help meet its climate change targets.

The government's Clean Growth Strategy, which details government spending between 2015 and 2021, includes heavy investment in science, research and innovation to help reduce carbon dioxide emissions. Around £900mln will be spent on innovation.

In July, the government said it would ban the sale of new petrol and diesel cars and vans from 2040.

The UK #CleanGrowthStrategy is here - all 165 pages of ithttps://t.co/0aoW4KiS2Q pic.twitter.com/ZiJylhmPbv

— Simon Evans (@DrSimEvans) 12 October 2017
In a separate announcement today, the city of Oxford is set to become the world's first Zero Emission Zone by banning petrol and diesels cars in the city centre from 2020.

In a joint proposal by Oxford city council and Oxfordshire county council, a move to ban all non-electric vehicles across the city will follow in 2035, five years before the Government's nationwide sales ban.

1.45pm: Murdoch backed as Sky chairman
A majority of independent votes cast at today's AGM supported the re-election of James Murdoch as Sky PLC's (LON:SKY) chairman, Reuters has reported.

Ahead of the meeting some Sky shareholders had said they were planning to oppose Murdoch's re-election because they did not believe he could effectively represent independent investors as he is also chief executive of bidder Twenty-First Century Fox (NASDAQ:FOX)..

The US firm, which already owns 39% of Sky, agreed to acquire the rest of the company last December, a deal which is currently being reviewed by UK competition regulators.

The AGM was held after Sky issued its latest trading update this morning which saw like-for-like revenues rise by 5% in the three months ended 30 September to £3.3bn - the same rate it delivered in 2016 - supported by the popularity of TV shows like Game of Thrones and Riviera.

In afternoon trading, shares in blue chip Sky were up 1.8% to 929.5p, while the FTSE 100 index was around 26.5 points higher at 7,560, just off the day's peak of 7,565.11.

US stock futures now pointed to early gains on Wall Street boosted by better than forecasts results from banking giant Citigroup Inc (NYSE:C).

12.30pm: Sterling fall helps Footsie higher
The FTSE 100 bounced higher in lunchtime trading as the pound reversed on Brexit 'deadlock' worries, with New York stocks seen consolidating yesterday's record close as US banking results roll in.

At 12.30pm, the UK blue chip index was around 22 points higher at 7,555, just off the session peak of 7,562.33 and above the low of 7,526.33.

On currency markets, after being flat earlier, sterling dropped back 0.5% against both the dollar and the euro, at US$1.3152 and €1.1093 respectively, after the European Union's chief Brexit negotiator Michel Barnier says that divorce bill talks with the UK are in a state of "deadlock".

The only person playing a game here is Barnier. https://t.co/KXZdPdvtQ8

— Nigel Farage (@Nigel_Farage) 10 October 2017
Shilen Shah, bond strategist at Investec Wealth & Investment, commented: "As expected, the EU's chief Brexit negotiator has confirmed that the EU and UK have not progressed far enough to move on to the next stage of discussions. Along with uncertainty on the future Northern Ireland/Republic of Ireland border, both sides seem to have not found an agreement on the UK's final bill."

Looking to Wall Street, US stock futures edged lower as traders assessed the latest results from banking giant JPMorgan Chase & Co (NYSE:JPM) with numbers from Citigroup Inc (NYSE:C) also due today.

Banks eyed
In London,, banks were also a focus following some big news from both Lloyds Banking Group PLC (LON:LLOY) and

HSBC Holdings (LON:HSBA) today.

HSBC shares fell 1% to 750.5p as the global lender revealed that John Flint, currently chief executive of its Retail Banking and Wealth Management division, will succeed Stuart Gulliver as group chief executive next year.

Lloyds saw its shares lose 0.4% at 66.27p after the FTSE 100-listed lender announced that it has entered into an agreement with Swiss insurer Zurich AG to acquire its UK workplace pensions and savings business with assets under administration of £19bn.

Broker comment too
Discount airline easyJet PLC (LON:EZJ topped the FTSE 100 risers, up 2.6% at 1,322p as broker Canaccord Genuity upgraded its rating for the stock to 'hold', while traders also cited news that German carrier Lufthansa AG said is to sign a deal to buy part of insolvent peer Air Berlin.

Meanwhile, luxury goods group Burberry PLC (LON:BRBY) was also helped by broker comment, adding 2.8% at 1,898p as Deutsche Bank raised its target for the blue chip firm, while French broker Mirabaud Securities upgraded the stock to 'buy'.

On the second line, Spire Healthcare PLC (LON:SPI) rose 3.3% to 228.8p after being upped to 'buy' at Investec, but shares AA plc (LON:AA.) shed 1.7% to 155.3p after being downgraded to 'hold' by German broker Berenberg.

11.05: Crypotocurrency surge continues
The price of a bitcoin has smashed through US$5,000 to a new all-time high, taking the digital currency's gain over the past year to 750%, no doubt pleasing the Dutch man who was reported to have sold everything he owned for the cryptocurrency and moved his family to a campsite.

Dutch man living in a campsite on pile of #Bitcoin gambles it will boom. https://t.co/sRkpDeISA3

— CoinDragon (@CoinDragonn) 11 October 2017
The world's best-known cryptocurrency is now trading at US$5,186 compared with US$966 at the start of the year and is now worth four times as much as an ounce of gold.

The soaring value of bitcoin and other cryptocurrencies comes despite growing warnings over a price bubble from the likes of JPMorgan boss Jamie Dimon who called it a "fraud that will blow up".

Commenting on the new bitcoin peak, Naeem Aslam, chief market analyst Think Markets UK Ltd said: "What makes you wonder is what was behind this move? There are many explanations such as Amazon bringing Bitcoin on their platform, Goldman Sachs exploring the idea of bitcoin desk, geopolitical risk providing the tail risk and the mighty dollar losing its throne."

He added: "If Amazon successfully implements and brings bitcoin on their platform, it would only be a matter of time before we hear eBay making a similar announcement."

#Bitcoin passes $5,000 to hit fresh all-time high - from Business Insider https://t.co/61d3KL5TFs

— Hargreaves Lansdown (@HLInvest) 12 October 2017
On real currency markets, the pound remained flat against both the dollar and the euro around 11am, at US$1.3221 and €1.1153 respectively, while with equities the FTSE 100 index was 10.5 points higher at 7,544.

10.10am: Lending reduction planned
A Bank of England survey today showed that UK lenders are planning the biggest reduction in the availability of consumer lending since late 2008, when the economy was in the depths of its worst post-war recession.

The BoE's net balance of lenders' expectations for the availability of unsecured lending over the next three months fell to -28.6 from -16.2, signalling the steepest contraction since the fourth quarter of 2008.

????UK lenders expect biggest curb on availability of unsecured lending since Q4 2008 ????

BoE survey pic.twitter.com/ZAa9N8YmMO

— Andy Bruce (@BruceReuters) 12 October 2017
Lenders said they expected the availability of mortgages and loans to businesses to remain broadly steady over the next three months.

However, they expected demand for loans for capital investment in businesses to fall at the fastest rate since the third quarter of 2011.

There was little reaction to the BoE survey from financial markets, with the FTSE 100 index up 4.5 points at around 7,538, while the pound was fairly flat against both the dollar and the euro at US$1.3235 and €1.1157 respectively.

8.45am: Footsie flat as direction sought
The FTSE 100 index was fairly flat in early trading with investors seeking fresh direction as global equity markets reach new highs in the US and Japan, with some caution seen as it is Friday the 13th tomorrow.

Around 8.40am, the UK blue chip index was just 2.5 points higher at 7,536, having closed 4.46 points lower yesterday, albeit with ex-dividend factors knocking 7 points off the gains, as heavyweights HSBC Holdings (LON:HSBA), Tesco PLC (LON:TSCO) and Centrica PLC (LON:CNA) all trading without entitlement to the latest dividend.

On currency markets, sterling just nudged 0.1% higher against both the dollar and the euro, at US$1.3238 and €1.1158 respectively, with the policy meeting minutes published last night by the US Federal Reserve failing to excite.

Some room for doubt
Noting the easier dollar, Connor Campbell, financial analyst at Spreadex commented: "That's because, while fairly hawkish, Wednesday evening's Fed meeting minutes did leave a bit of room for doubt surrounding a December rate hike, as certain members of the central bank noted 'some patience' was necessary in order to further assess the US inflation situation."

He added: "The chance that rates will rise before the year is over is still very high, with the CME Group's FedWatch tool at around 83%. However, that is lower than the 88% probability before the minutes were released, putting even more pressure on Friday's US CPI (and, indeed, retail sales) reading."

"As for the morning's economic agenda, the main focus will be on the Bank of England's latest credit conditions survey. Mark Carney and co. have repeatedly cautioned about the acceleration in consumer credit in the UK, so the markets can likely expect another warning this Thursday," Campbell concluded.

Sky higher
On the corporate front, satellite broadcaster Sky PLC (LON:SKY) was a blue chip focus, with the stock up 0.4% to 917p after a trading update today, as broker Liberum Capital upped its stance to 'buy' from 'hold'.

In a note, Liberum's analysts said: " Q1 results look broadly healthy and the shares have fallen back to a level which we think do not reflect the likelihood of the Fox bid for Sky being cleared by the regulators, thus we think Sky offers a short-term investment opportunity."

Proactive news headlines:
Liquid biopsy company ANGLE PLC (LON:AGL) has raised an additional £2.8mln after it agreed to let an investor subscribe for additional shares. ANGLE raised £12.2mln last week and the investor wanted to take part in that fundraising but "due to the compact timelines" wasn't able to complete the necessary paperwork in time.

WideCells Group PLC announced it will launch its stem cell healthcare insurance plan in Spain following the product's debut here in the UK and alongside its imminent roll-out in Brazil. The local agent for the CellPlan, which costs £170 a year, will be a company called Stem Cell Banco Celulas Madre, a provider of stem cell storage services. Under the re-seller model, the tie-up should generate £50 per sale (after commissions and reinsurance costs).

Minds + Machines Group Limited (LON:MMX) said its top level domains .law, .work, .beer and .shopping have been granted approval by the Chinese regulator, MIIT, for use in China.

Base Resources Ltd (LON:BSE) has updated on a positive September quarter at its Kwale mineral sands operation in Kenya and has raised its 2018 production guidance for zircon and ilmenite.

Active Energy Group PLC (LON:AEG), now focused on forestry management and biomass fuel products, has marked the next milestone in its forestry aims in Newfoundland. It has submitted all final documents to the ministry of fisheries and land resources through its affiliate, Timberlands International Limited (TIL), for a Crown timber licence and forestry management agreements on the Forestry Management Districts 17 and 18.

Harvest Minerals Limited (LON:HMI) has recorded first sales of its fertiliser replacement KPfertil. The sales were is response to requests from customers even though the company is waiting for formal certification for KPfertil as a remineraliser from the Brazilian Ministry of Agriculture.

APQ Global Limited (LON:APQ), the emerging markets income company, has appointed fintech specialist Gregory Van den Bergh to its International Advisory Council.

6.50am: Dull start expected
London's FTSE 100 is seen starting Thursday on the back foot with investors seemingly taking a cautious view of global equity market trends.

Japanese stocks have been stoked to highs and Wall Street benchmarks again saw new record levels, nonetheless, UK equities aren't off to the races.

"US markets once again continued their almost weekly ritual of making new record highs, this time in the wake of last nights Fed minutes which showed that, barring a significant change in the economic outlook, another rate rise by year end would be warranted," said Michael Hewson, analyst at CMC Markets.

"The September minutes didn't really add anything new to what we already knew, and recent data certainly hasn't done anything to undermine the premise of another rate increase. Last week's payrolls data may have been disappointing but another decline in the unemployment rate to 4.2%, as well as a sharp jump in wages pressure certainly don't diminish the case for a rate rise by the end of the year."

In New York, the Dow Jones closed Wednesday up 42 points or 0.18% to finish at 22,872 whereas the S&P 500 and Nasdaq rose 0.18% and 0.25% respectively closing at 2,555 and 6,603.

Japan's Nikkei was up 0.4% in Thursday's deals, changing hands at 20.959, while Hong Kong's Hang Seng was up 0.37% at 28,497 and the Shanghai Composite fell 0.26% to 3,379.

Australia's ASX 200, meanwhile, rose 0.39% to 5,794.

In London, CFD and spreadbetting firm IG Markets saw the FTSE 100 lower, calling the blue-chip benchmark down around 8 points, at 7,523 to 7,627 just over an hour before Thursday's session kicks off.

Significant events expected on Thursday October 12:
Trading update: Hays PLC (LON:HAS), Sky PLC (Q1) (LON:SKY)

Finals: WH Smith PLC (LON:SMWH)

Interims: Booker Group PLC (LON:BOK), N Brown Group PLC (LON:BWNG)

Ex-dividends: To knock 7 points off FTSE 100 index -Centrica PLC (LON:CNA), HSBC Holdings PLC (LON:HSBA), Tesco PLC (LON:TSCO)

Economic data: RICS UK housing survey; US weekly jobless claims, US forward PPI data

Around the markets (at 8.45am):

- Sterling: US$1.3257, up 0.3%
- Gold: US$1,23.50 an ounce, up 0.6%
- Brent crude: US$50.98, down 0.6%

Business Headlines:

- House buying enquiries at weakest since aftermath of Brexit vote - The Independent
- Cut duty on Scotch whisky to raise industry spirits, say distillers - The Guardian
- Billion-pound sales eBay pays only £1.6mln UK corporation tax - The Times
- Italian fashion house Gucci to go fur-free in 2018 - The Guardian
- Delta has no intention of paying 300% Bombardier jet tariff - CNNMoney
- Totally driverless cars could be allowed on California roads by June 2018 - Los Angeles Times