

press release

17 September 2009

The forward look *from* The Share Centre

Nick Raynor, investment adviser at retail stockbroker, The Share Centre, gives his thoughts on what to expect from companies announcing results w/c 21 September.

■ Monday

N/a

■ Tuesday

Severn Trent (Trading statement)

OFWAT's draft proposal for the sector has already impacted Severn Trent; its debt rating was downgraded by Moody's. The impact of this would be to increase its interest payments and utility companies are generally quite debt laden. Recent gains could start to wane as the November review from OFWAT draws closer.

We currently list Severn Trent as a HOLD

Imperial Tobacco (Trading statement)

Tobacco stocks have fared well during the recent market rise, but next week's figures will need to back up recent share performance. There are increasing signs that demand for Imperial's products is starting to slow. In fact, rumours suggest Spain is ready to implement a total ban on smoking in public places. If true, this is likely to have a huge impact on Imperial as its brands are very popular in Spain.

We currently list Imperial Tobacco as a HOLD

■ Wednesday

United Utilities (Trading statement)

The trading statement that is expected from United Utilities on Wednesday is not expected to contain much excitement; some re-assurance on its dividend policy would be welcomed ahead of OFWAT's final review on the sector, which is due out in November. Our 'buy' recommendation is based on the dividend yield offered and we feel that even if this was cut it would still remain attractive.

We currently list United Utilities as a BUY

■ Thursday

3i (Trading statement)

3i returned to the FTSE 100 in the last re-shuffle after a major re-structuring programme and capital-raising helped the company's share price to regain some much needed value. Parts of the business were recently sold and with markets picking up there may be signs of an upturn in

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3i's NAV (Net Asset Value). Analysts will be looking for any positive news in next week's trading statement.

We currently list 3i as a HOLD

JJB Sports (interims)

JJB is currently trading at 38.5p having recently managed to recover from its year low of just 4p; earlier this year JJB hit a high of 44p. However, the Serious Fraud Office is currently conducting an investigation into the dealings between JJB and Sport Direct. Hopefully next week's interims will provide an update on the case. On the plus side, England's success in qualifying for the 2010 World Cup may prove to have a positive short-term impact on JJB figures, but these figures are unlikely to filter through until later in the year.

The Share Centre does not currently publish an opinion on this stock.

■ Friday

N/a

Economic diary

This coming week will see the announcement of two major pieces of economic news and data.

Firstly, on Wednesday 23 September the Bank of England Monetary Policy Committee will release the minutes from its latest meeting in which it agreed to keep rates on hold and to make no change in quantitative easing. Normally, the release of the minutes could be considered a dull affair, but not this time.

The August minutes revealed that the Bank of England governor was outvoted in the previous meeting. He, along with two colleagues, wanted to see £25bn worth of quantitative easing on top of the stimulus agreed by the rest of the committee.

The minutes will therefore mean that either Mr King was outvoted again, or that he changed his mind from the previous meeting, even though very little new evidence has emerged since to justify this change.

Also on Wednesday, the British Bankers' Association (BBA) will release its latest lending data. Last month's data revealed a modest rise in mortgage lending, a drop in consumer credit and a rise in personal deposits.

Although BBA data to date suggests mortgage lending has been steadily rising for several months, it is still only around half the level seen 30 months ago. The data also suggested that equity withdrawals, after crashing two years ago to around 20 per cent of their high, have barely moved since.

The next data-set will provide an indication of whether recent rises in mortgage lending look likely to become more substantial. Most analysts seem to agree that the current level of mortgage lending is insufficient to promote full recovery in the housing market.

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About The Share Centre:

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPP's are also available.

The Share Centre's Advice team provides comment on market sectors, individual shares and funds on www.share.com. Access is available to customers and registered users of the site. Registration is free. To understand how our Advice team arrive at their views please read our [Investment Research Policy](#)

In addition, account customers can receive individual telephone advice on UK-listed shares and on funds traded via the CoFunds trading platform.

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