

press release

17 November 2010

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 22 November 2010.

■ **Monday – n/a**

■ **Tuesday**

Severn Trent (interim results)

Some utility companies have had an impressive run this year and Severn Trent is no exception. The yield has also been attractive to investors and so these results will hopefully build on the gains to date. There have been several broker upgrades within the sector recently including ones for Severn Trent. A solid and stable investment.

We currently list Severn Trent as a HOLD

Alliance Trust (Q3 interim management statement)

Alliance Trust is the UK's biggest individual investment trust and offers investors exposure to global equities. Lately this has become a more interesting proposition as Laxey Partners have taken a stake and are now actively encouraging the company to reduce the gap between the share price and the net asset value of the shares. This may appear a tad confusing but investors should benefit if Laxey are successful (and they have a track record).

We currently list Alliance as a BUY

■ **Wednesday**

Johnson Matthey (interim results)

Johnson Matthey has been able to benefit from the rising price of platinum despite it being a key component in products they make for the automotive industry as they own part of the platinum supply chain. Recovering truck sales and other vehicles have helped push the share price up over 20% this year. Continuing low interest rates should also favour the company's bottom-line. One definitely to watch and we may see a re-rating after the figures are issued.

We currently list Johnson as a HOLD

United Utilities (interim results)

This year United Utilities are selling some non-core assets and making earnings-enhancing acquisitions, both resulting in a re-shuffling of its corporate structure. Investors will hope this means the dividend will not only be safe, but also increased. As with Severn Trent, United

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Utilities has been in demand this year. The shares have stayed close to their high for some time and these figures will hopefully keep them there.

We currently list United Utilities as a HOLD

Compass Group (preliminary results)

Compass's major rival, Sodexo, recently reported a strong finish to the year and this should bode well for Compass's results. The company has made several small acquisitions throughout the year and has undertaken a share buy-back scheme, both helping to shore up the share price. Compass have not been overly affected by the Government spending review and if anything, may look to benefit as further contracts are awarded in an effort to save Government money. Good results expected.

We currently list Compass as a BUY

■ **Thursday**

Antofagasta (Q3 management statement)

The commodity markets reliance on China was only re-iterated just recently as the market took a heavy tumble following concerns over imports of commodities. Antofagasta fell over 5% and was the top FTSE 100 loser as the company is almost a pure play on copper. This update should confirm that current production estimates are on track. This is one only for the brave, hence our hold recommendation.

We currently list Antofagasta as a HOLD

■ **Friday – n/a**

Economic Diary

Economic announcements w/c 22 November 2010

24 November UK Output, Income and Expenditure – Q3 2010 – ONS

Second estimates of GDP from the ONS don't normally get the exposure they deserve. Attention tends to focus on the first stab at measuring growth, and each subsequent estimate receives less attention. And yet with each attempt by the ONS to make its calculation of GDP more accurate, the picture changes. In fact, it can change quite dramatically. For example, the initial estimate for GDP in Q4 2009 had growth at 0.1%, and the data was received badly by the markets and commentators. But this estimate was upped with each revision, so that the final estimate for Q4 GDP growth was 0.4%, a respectable score, but by then attention was elsewhere. Will today's data provide any indication that the initial estimate of 0.8% growth in GDP was either too optimistic or pessimistic?

25 November Quarterly Distributive Trades Survey – CBI

Of the leading reports providing an indication of the strength of UK retail sales, the findings from the CBI Distributive Trades Survey have been the most promising. Today's report will be especially interesting as the CBI's survey includes forward indicators, and will thus give us the first impression of what retailers are anticipating for the Christmas season. Last month, the CBI headline index which related to sales earlier in October was 36, down on the September reading, but nonetheless, the second highest reading since April 2007. However, an impressive net balance of 43% of retailers said they expected sales to be higher than a year ago in November. Will today's data support that bold estimate, and will retailers remain optimistic ahead of the key Christmas season?

Other economic announcements include:

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23 November

- US Gross Domestic Product Q3 (Prelim) – (BEA)

24 November

- Index of Services – September 2010 – ONS
- Business Investment – Q3 2010 Provisional Results – ONS
- US Personal Income – BEA

26 November

- Projections of Households in England – 2008-Based projections – ONS

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The bases and levels of taxation relating to ISAs, CTFs and SIPP's are subject to change and the value of these tax allowances may depend upon the circumstances of the individual.

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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