

## press release

08 December 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 13 December 2010.**

■ **Monday – n/a**

■ **Tuesday**

#### **Bunzl (trading statement)**

Bunzl has had a steady year to date, adding nearly 10% to the share price while also paying a near 3% yield. This is by no means the greatest of returns within the FTSE 100 but is steady. We believe this update will contain no surprises but will emphasise Bunzl's stability. The company has said they are looking for acquisitions but none have arisen in the last quarter - maybe we'll see something in this statement.

**We currently list Bunzl as a HOLD**

#### **Whitbread (Q3 interim management statement)**

The winter snap may have been advantageous for Whitbread, but it would be too soon for this to be reflected in these figures. Premier Inn could be seen to benefit as holidaymakers stay at home rather than attempt to go abroad, and shoppers will be looking to warm themselves up with a coffee and cake from Costa Coffee. The share price has increased by over 25% this year and we expect this update will cement these gains, and possibly push it higher. We are still just a touch cautious for now.

**We currently list Whitbread as a HOLD**

#### **Serco (trading statement)**

Contract wins in the last 4 weeks have totalled nearly £1bn, and at the last reading the order book stood at £16.7bn. Overseas operations are winning more contracts and the fallout from the Government spending cuts has been minimal - if anything more contracts have been won as a result. Another good year so far for Serco but for us the share price is high enough hence the hold recommendation. However, a good update could change all that.

**We currently list Serco as a HOLD**

■ **Wednesday**

#### **Pinewood Shepperton (trading statement)**

Pinewood gave investors a brief update in November noting times were challenging but results would be in-line with expectations. There was no mention of the buyout that Warner Brothers have just completed of the Leavesden film studios in Watford. We expect millions will have to be put in to the venture and that this will have implications on Pinewood. We like Pinewood as a property play as the vast amount of land they own is attractive, and investors should also note

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that a company has been building up a stake in the group, which could at some point lead to an offer for Pinewood.

## **We currently list Pinewood as a BUY**

- Thursday – n/a
- Friday

## **Friday**

### **Petrofac (trading statement)**

Royal Dutch Shell is aiming to increase production from its Iraq Majoon oil field to 175,000 barrels a day by the end of 2012, and it looks as though Petrofac will be awarded the contract to support it. This will involve building two crude-oil processing plants with a 50,000 barrel a day capacity - although these projects are yet to be signed off officially. Petrofac have been expanding their business this year by taking stakes in other ventures, the latest was a 20% stake in Gateway Storage Company, a company based in Ireland. There is still time for investors to jump on board and we hope this trading statement will increase the attraction.

## **We currently list Petrofac as a BUY**

### **Aggreko (trading statement)**

Aggreko had several contract wins and a couple of small acquisitions to report during the last quarter, but the share price has lumbered. The company's overseas operations are doing well and as a result the company recently upped forecasts for the full-year. We hope this update will enhance that further and be reflected in the share price.

## **We currently list Aggreko as a HOLD**

## Economic Diary

### **Economic announcements for the w/c 13 December 2010:**

#### **14 December, Consumer Price Indices November and 15 December, Average Weekly Earnings October**

While the monthly inflation data always attracts attention, it is possible that at this stage of the economic cycle, the difference between inflation and average earnings growth may be of more importance. Last month, inflation measured by the CPI index rose from 3.1% to 3.2%, while inflation measured by the RPI index stood at 4.5%, from 4.6% the month before. Because of the timing of ONS releases, to compare the latest average earnings data with the corresponding inflation reading, we have to look at the inflation data from the previous month. In the three months to September, average earnings including bonuses rose by 2% on the same period a year before. Since inflation measured by the RPI index was 4.6 per cent, the average income earner must have become 2.6 per cent worse off during this period. Will this week's data also point to a significant gap between inflation and earnings? If it does, then this will in turn point to downward pressures on consumer spending in 2011.

#### **14 December, UK Housing market – RICS**

Last month, the RICS headline index tracking the UK housing market in October fell to minus 49, the lowest reading since April 2009. But of possibly greater significance, the index tracking new instructions went negative for the first time since January, falling from plus 22 to minus 4. While

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the new enquiries index was even more deeply into negative territory (minus 12), the gap between these two key indices has been closing for the last few months. The interaction between new instructions and new enquiries may be key in determining the direction of house prices in the months ahead. Consequently, in today's report, much attention will focus on the gap between the two indices.

## **15 December, Distributive trades survey from December – CBI**

Since December is the most important month of the year for the High Street, data on retail sales falls under the spotlight. Last month, the CBI distributive trades survey found that the net percentage balance of retailers who expected sales to rise on last year in the run up to Christmas was an impressive 43%. Will the CBI data looking back on this period support expectations?

### **Other economic announcements include:**

15 December

- Public Sector Employment – Q3 2010 – ONS
- Labour Market Statistics – December 2010 – ONS
- Index of Labour Costs per Hour (experimental) – Q3 2010 – ONS
- US – Consumer prices – BLS
- US – Real Earnings – BLS

16 December

- Bank of England/Gfk NOP Inflation Attitudes Survey – Bank of England
- EU Inflation (HICP) – Bank of England – Eurostat
- Retail Sales from ONS for November

17 December

- EU Foreign trade – Eurostat.

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Risk Warnings:

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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](http://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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