

press release

5 January 2011

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 10 January 2011.

■ Monday

Axis-Shield (trading statement)

Health care equipment provider, Axis-Shield, will be issuing a trading statement to update the market on sales and new products currently in development. An update on winter sales of its flu testing kit will be pivotal to the share price movement.

We currently list Axis-Shield as a BUY

Morrison's (Christmas trading statement)

Morrison's will be the first of the supermarkets to report and we expect the poor weather will have affected sales. We have already seen this from other retailers and will be watching this week to see which of the big supermarkets has made the best of a bad time.

We currently list Morrison's as a HOLD

■ Tuesday

Marks & Spencer (Q3 trading statement)

Marks & Spencer may have suffered pre-Christmas with a lack of shoppers able to get to stores, but post-Christmas sales may have been enough of a boost for the retailer. However, Next's trading update may give us an indication of how others will fare and set a weaker tone for the rest of the sector.

We currently list M&S as a HOLD

Autonomy (trading statement)

Autonomy has recovered from the severe fall in its share price earlier in the year; however we are waiting for this trading statement before considering a change to our current 'sell' stance. Competition in the US is hotting up and although the company recently won a small contract in the region, we would need to see something on a larger scale before changing our current opinion.

We currently list Autonomy as a SELL

■ Wednesday

Sainsbury's (Q3 trading statement)

thesharecentre:

As with Morrison's, the Christmas period is a vital time for supermarkets and the weather is going to have had a severe impact on sales one way or another. We will be looking to see which of the supermarket giants have best weathered the snow storm.

We currently list Sainsbury's as a HOLD

Weir Group (trading statement)

Weir Group has had a tremendous year to date. The company gained entry into the FTSE 100 and the share price has risen over 130% in the last 12 months. Demand has been so high for Weirs products, that they had to raise their guidance for 2010's results. They do however have a high dependency on the mining sector and with flooding troubles in Queensland new materials may need to be introduced. One to watch.

We currently list Weir as a HOLD

Greggs (trading statement)

During the winter the lack of shoppers may have had a negative impact on Greggs sales, but on the flipside they may have benefitted from those braving the shops and workers looking to warm themselves with a big pie, pasty, sausage roll or soup. Brand awareness is increasing as more and more outlets hit the high streets. This winter may serve up a helping of short term weakness but we believe that is all it will be.

We currently list Greggs as a BUY

■ Thursday

Tesco (Christmas trading statement)

The final supermarket to report this week is Tesco and much will be expected from the group. Tesco may have fared better than others, as many shoppers will have wanted the experience of buying everything under one roof. This is the supermarket we have the most confidence in producing a reasonable set of figures for the period.

We currently list Tesco as a BUY

Booker Group (Q3 interim management statement)

With increasing exposure to India, Booker may well be able to deflect any weakness suffered over the Christmas period from its UK operations. The news front from Booker has been very quiet recently and so any update will be appreciated. We like Booker and think that there is plenty of potential to be had here.

We currently list Booker as a BUY

FirstGroup (Q3 interim management statement)

November's update was positive and we are expecting this trading statement will be of the same ilk. Interest has been raised in the sector thanks to the successful bid for Arriva in 2010, and also the large emphasis the Government has made on the use of public transport. FirstGroup is not one of the best performers of 2010, but we hope this update will provide a good platform for a stronger 2011.

We currently list FirstGroup as a Buy

Mothercare (Q3 trading statement)

Mothercare are rapidly expanding their operations overseas and this update will hopefully give us an indication of just how this is progressing. Mothercare offers some defensive characteristics and we await these figures to see how the retailer is holding up.

We currently list Mothercare as a BUY

■ Friday – n/a

Economic Diary

Economic announcements w/c 10 January 2011

10 January Retail Sales Monitor for period 28 November to 1 January – BRC

Although a number of retailers have already released trading statements covering the Christmas period, the December Sales Monitor from the BRC will be the first report to provide data for the entire sector covering this key period. Analysts had expected a last minute rush in advance of the 2011 VAT hike, but did the snow dampen sales? Last month's report had like-for-like sales up 0.7%, and total sales increasing 2.8%. But on this occasion it may be more meaningful to compare sales with Christmas 2009. According to the BRC, like-for-like sales for the corresponding period in 2009 were up 4.2%, and total sales increased by 6%.

13 January Monetary Policy Committee Meeting and Announcement – Bank of England

Of late there has been increasing speculation that interest rates may go up towards the end of this year, and quantitative easing may be reversed, although the most recent minutes of the MPC meeting revealed a three-way split, with Adam Posen voting for more QE, Andrew Sentance for a rise in interest rates, and other members voting for no change. It seems likely today's meeting will see no changes in monetary policy.

Other economic announcements include:

10 January

- CBI/PwC Financial Services Survey

12 January

- UK Trade – November 2010 – ONS
- Economic and Labour Market Review – January 2011 – Economic Tables – ONS

13 January

- Index of Production – November 2010 – ONS
- Eurozone, Governing Council meeting of the ECB in Frankfurt

14 January

- US Consumer Price Index, December 2010 – BLS
- US Real Earnings, December 2010 – BLS
- Producer Price Index – December 2010 – ONS

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Note to editors:

Please note that the dates stated in this article are indicative and could be subject to change which is beyond our control.

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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

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