

press release

23 February 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 28 February 2011.

■ Monday

HSBC (full year results)

Having received a helping hand from its shareholders during the banking crisis investors will start to hopefully see some returns with improved level of profits and an increase in the current dividend. HSBC's global breadth should stand them in good stead moving forward and we hope this will be reflected in these figures.

We currently list HSBC as a HOLD

Pearson (full year results)

Pearson has upgraded its forecasts for 2010 trading figures and we expect these to be a very strong set of results. We want to hear more about the company's expansion into the emerging markets because while its main markets continue to do well, these new areas hold the key to further forward momentum.

We currently list Pearson as a BUY

Also reporting Bunzl (full year results) - HOLD, Associated British Food (trading statement) - HOLD

■ Tuesday

GKN (full year preliminary results)

GKN has been one of the significant benefactors in the recovery of the automotive and industrial markets. During 2010 the company regained entry into the FTSE 100 and the share price has almost doubled. However, the share price has retracted recently in reaction to concerns over the costs of raw materials. We expect a solid set of figures but are unlikely to upgrade our recommendation due to the strong run the company has experienced.

We currently list GKN as a HOLD

Fresnillo (full year preliminary results)

Fresnillo mines for both gold and silver in Mexico. The share price has vastly improved over the last 12 months and there have only been a few production delays. We expect record levels of production to be announced in these figures, profits should be very good and investors will be interested to see the dividend starts to improve.

We currently list Fresnillo as a BUY

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■ Wednesday

ITV (full year results)

There are worries at ITV over the availability of Simon Cowell and Cheryl Cole for X-Factor this year. The concerns are that advertising rates during the programme will not attract as much revenue; however analysts believe that other celebrities will be able to hold as much attraction. Business wise the company has had a strong year, advertising rates have increased and the cost reduction plans look to be succeeding. New management has succeeded so far but will want to continue the strong momentum going into 2011.

We currently list ITV as a BUY

International Power (full year results)

The merger of International Power and GDF Suez is now complete and the special dividend has been paid to investors. The combined business now creates a power generation business with the capacity of over 66,000MW. The merger should generate cost savings for both companies, but it may be sometime before investors start to benefit - hence the hold recommendation. These results will give some indication of the direction the company will now move in, but we expect no surprises.

We currently list International Power as a HOLD

Carillion (full year preliminary results)

Contract wins and takeovers - it's all happening at Carillion. Contracts worth up to £350m were signed with the UK Government and Carillion announced in February an approach for green support services company, Eaga for over £300m. We expect further contract wins to be announced with these results, along with an update on any takeover action. Still one of our preferred plays within the Support Services sector and we feel there is plenty more to come from Carillion.

We currently list Carillion as a BUY

Also reporting Whitbread (trading statement) – HOLD, Serco (full year preliminary results) - HOLD, Admiral (full year preliminary results) – HOLD and Standard Chartered (full year results) – HOLD

■ Thursday

Amec (Full year results)

Amec has recently been building up the business through acquisition with several small bolt-on purchases, adding to the bottom line in a small but steady way. Contracts have been flowing in this year, the largest being with BG for £140m. Investors should be pleased with Amec's slow and steady approach of not spending too much and using up reserves. For us Amec is a good solid hold, but these results may change our opinion.

We currently list Amec as a HOLD

Aviva (preliminary results)

Aviva is one of our preferred plays within the insurance sector at the moment as the yield and the growth potential are both very reasonable. Investors do need to beware though, as the current market volatility seems to cause Aviva's share price to fluctuate greatly - it's all about timing. We see no reason why these results should show any signs of weakness and recommend investors see any drop in the share price ahead of these figures as an opportunity.

We currently list Aviva as a BUY

Also reporting IMI (full year preliminary results) - HOLD, Kazakhmys (trading statement) - BUY

■ Friday

WPP (full year preliminary results)

According to the industry, advertising spend has improved at a stronger than expected rate during the last nine months. Rival companies have reported such and we don't doubt that WPP will report the same story. WPP is the world's largest advertising group by revenue and size, and with large exposure to the U.S, these figures should not disappoint. As the shares had such a tremendous run during 2010 we feel the price is slightly high and continue to recommend investors 'hold'.

We currently list WPP as a HOLD

Economic Diary

Economic announcements w/c 28 February 2011

1 March, February report on manufacturing; 2 March, February report on construction; 3 March, February report on services – CIPS/Markit

January saw the combined reading for the output/activity for the three purchasing managers indices from CIPS/Markit hit an eight-month high of 56.2. This was a significant improvement on the December combined reading of 51.6. CIPS/Markit estimate that the data is consistent with a 0.4% quarter-on-quarter growth rate. But how much of this improvement was down to a one-off factor, namely a rebound in activity after December's snow melted? The recent story of the PMIs has been one of an exceptionally buoyant manufacturing sector, but struggling services and construction. Did the February data confirm this trend?

3 March, Hometrack monthly housing survey for February, and 2 March Nationwide house price index for February

Last month, Nationwide recorded a 0.1% month-on-month fall in house prices and a 1.1% annual fall. With February 2010 seeing a 1.1% monthly drop, it seems unlikely that the annual rate of house price inflation in the year to February 2011 declined much further, if at all. Last month's data from Hometrack, however, revealed a 0.5% month-on-month fall in average prices, a 9.5% fall in new buyers registering with agents, and a 5.4% fall in property listings. Although demand and supply in the UK housing market are falling, the Hometrack data clearly showed that demand fell by a greater degree than supply, suggesting that average prices are likely to continue to fall for the time being.

Other economic announcements include:

28 February

- US Personal Income, January – BEA
- EU Inflation (HICP), January – Eurostat

1 March

- US PMI for manufacturing, February – ISM
- Lending to individuals, January – Bank of England
- Sectoral Breakdown of Aggregate M4 and M4 Lending, January – Bank of England
- Flash Estimate Euro area inflation, February – Eurostat

3 March

- Governing Council meeting of the ECB in Frankfurt – ECB
- US Productivity and Costs, Q4 – BLS

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- US Non-Manufacturing ISM Report On Business, February – ISM

4 March

- US Employment Situation, February – BLS
- EU National accounts (GDP), Q4 – Eurostat

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Notes 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 are also available.

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