

press release

16 March 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 21 March 2011.

■ **Monday – n/a**

■ **Tuesday**

Cairn Energy (full year preliminary results)

We are hoping these results will include an update on the Vedanta/Cairn deal. The deal has been on going for sometime and should conclude soon. The company has indicated that the money generated will be paid back to investors by way of a special dividend, but how much it will be is yet to be decided. We are also keen to hear the dates for the latest drilling campaign in Greenland. Plenty of promise from these results and Cairn Energy is worth keeping a closer eye on.

We currently list Cairn as a BUY

■ **Wednesday**

Sainsbury's (trading statement)

Latest market research shows that Sainsbury's is winning market share as customers from Tesco and Asda jump ship. Supermarkets have seen margins tightened already this year and pricing wars between the top four have been savage. This is expected to continue in to 2011 and even though its market share is improving, may not be translated into the bottom line figures.

We currently list Sainsbury's as a HOLD

Smiths Group (interim results)

Bid speculation has been rife since the start of the year but that was not the complete reason we upgraded engineer Smith Group to a buy earlier in the year. Terror threats and further unrest should see a pick up in orders and we would expect these figures to show some signs of this. Cost savings look like they will be more difficult to come by and so order intake will play a vital part in any improvements.

We currently list Smiths as a BUY

■ **Thursday**

Imperial Tobacco (trading statement)

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Not our favourite tobacco company at the moment as when compared to British American Tobacco it just doesn't match up. Some of Imperial Tobacco's markets are struggling and as cigarette bans take a hold globally this pattern looks set to continue. It is highly unlikely this update will change our opinion on this company.

We currently list Imperial Tobacco as a SELL

United Utilities (trading statement)

A strong yield has attracted investors to this company for many a year and with interest rates still low, this scenario is likely to continue. However, growth may be slightly stagnated as water companies are unable to increase prices as quickly as they would like and have been asked to invest more in renewing the current water system. A new chief executive starts in April and may make changes which could lead to a change of our view.

We currently list United Utilities as a HOLD

Next (preliminary results)

In anticipation of these results Next's share price is maintaining a reasonable level amidst all the turmoil we are currently experiencing. However, the results may not be that encouraging as rising cotton prices may impact the figures, if not now, almost certainly going forward. Rising oil prices will also have an effect on consumer spending which could become a negative factor.

We currently list Next as a HOLD

Others reporting today include 3i (Hold) and Kingfisher (Hold)

■ Friday – n/a

Economic Diary

Economic announcements w/c 21 March 2011

22 March, Consumer Price Indices, February 2011 – ONS

Last month, inflation as measured by the CPI index rose from 3.7% in December to 4%. Inflation as measured by the RPI rose from 4.8% to 5.1%. CPIY inflation, which strips out the effect of indirect taxes such as VAT, rose from 2% to 2.4%. It seems unlikely the inflation figures fell significantly in February. It is important, however, when examining the inflation data, to compare it with changes in average wages. In the year to January, average wages including bonuses rose by 2.3%. Although this was an increase on the month before, the fact remains that average wage increases are lagging behind retail inflation, suggesting that those with jobs are becoming worse off, but also suggesting there is little sign of a secondary inflation effect from wages.

23 March, Minutes of the Monetary Policy Committee Meeting held on 9 & 10 March – Bank of England

Last month two became three, as Andrew Sentance and Martin Weale were joined by Spencer Dale in voting for an increase in rates. In fact, Mr Sentance voted for a half per cent hike. In the most recent meeting the majority of members voted for rates to stay at 0.5%, but did any other members vote for a hike? Markets will look very closely at the latest minutes, looking for hints that other members are waning, and for signs that a hike in rates is imminent.

Other economic announcements include:

22 March

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- Public Sector Finance, February 2011 – ONS
- Monthly Industrial Trends Survey – CBI

24 March

- Retail Sales, February 2011 – ONS

26 March

- US Gross Domestic Product, Q4 2010, Final – BEA

---Ends---

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

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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 SIPPs are also available.

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