thesharecentre:

press release

06 April 2011

The outlook remains gloomy for Marks and Spencer

- Marks and Spencer like-for-like sales fall by 3.9%
- Lower consumer spending means tough times ahead
- The Share Centre currently list Marks and Spencer as a 'hold' but suggests investors take advantage of any increase in share price

Nick Raynor, investment adviser at The Share Centre explains why investors should be wary of today's trading statement from Marks and Spencer.

"Although the results were better than expected for Marks and Spencer, the high street brand still saw a drop of 3.9% in like-for-like sales. However, the company managed to maintain its overall sales growth largely down to the introduction of new food lines which has been the salvation within the company's figures.

"As consumers remain under pressure, and with a rise in interest rates looming, the outlook is gloomy for Marks and Spencer in these tough trading conditions. Spending is likely to fall and it will be the high-end stores like Marks and Spencer that we expect to suffer the most.

"We remain cautious on the retail sector as a whole, with Tesco as our only 'buy' largely due to its established global presence. Investors should be wary of the announcement of Marks and Spencers' overseas expansion in Paris, as despite the increase in overseas sales this has not been without troubles in the past. Any increase in share price should be seen as an opportunity to sell."

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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 SIPPs 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. The Share Centre blog is also available at http://blog.share.com.

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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