

press release

28 April 2011

The forward look from The Share Centre

Nick Raynor, investment adviser at The Share Centre, gives his thoughts on what to expect from companies announcing results w/c 3 May 2011.

■ Wednesday

Next (interim management statement)

Although we expected margins to be squeezed in the retail sector, Next's competitors have raised concerns that the situation is worse than previously thought. The increase in the price of cotton and tighter consumer budgets have both taken their toll. Investors should also note that interest rates are almost guaranteed to increase at some point this year. The share price is getting close to all-time highs and something will have to give soon. This is still a 'hold' for us but a very cautious one.

We currently list Next as a HOLD

Standard Chartered (interim management statement)

Standard Chartered's previous update came just before the tragic events in Japan and despite positive results, the share price fell due to worries over the company's future figures. This will be the first update since the events and the share price is getting close to its previous levels. We feel any weakness experienced was a buying opportunity due to its potential in the Far East and hope these figures will justify our conviction.

We currently list Standard Chartered as a BUY

Legal & General is also reporting (interim management statement) - HOLD and Xstrata, Antofagasta and Kazakhmys are releasing Q1 production reports.

■ Thursday

Diageo (interim management statement)

Investors will be interested in the company's next steps after they pulled out of the purchase of US company, Stock Spirits. The price tag was in the region of \$1bn but the two companies could not agree a price. Investors will want to see the cash returned to them through share buy backs, increased dividends or further merger and acquisition activity.

We currently list Diageo as a BUY

Smith & Nephew (Q1 results)

Smith & Nephew's share price suffered a setback prior to these results. It was widely rumoured that US giant Johnson & Johnson would be bidding for the company, however it has just paid nearly \$20bn to Swiss firm Synthes and therefore it is very unlikely that any deal for Smith & Nephew will go ahead. The weakness in share price could be seen as an opportunity for investors especially if the Q1 figures are good, so we could see an upgrade coming.

We currently list Smith and Nephew as a HOLD

Lloyds Banking Group (interim management statement)

Why anyone would want to buy shares in Lloyds Banking Group is still quite surprising to us. The Government continues to have a majority holding, we are experiencing very little change in the share price and very few dividends, if any at all, are being paid. Few investors will want to sell and take significant losses so we still recommend the shares as a 'hold'. These results may prove us wrong but the continued direction of the share price indicates that this is unlikely.

We currently list Lloyds Banking Group as a HOLD

Also reporting today is Rexam (interim statement) – HOLD, Randgold Resources (Q1 results) - HOLD, Schroders (interim management) - SELL, Amec (interim management statement) – HOLD and Vedanta Resources (full year results) – HOLD

■ **Friday**

Royal Bank of Scotland (Interim management statement)

This is another bank suffering from Government control and unlikely to offer any comfort to shareholders in the short term, unless you are prepared to trade on small margins. However, we hope to be proved wrong and these results can offer a glimmer of hope.

We currently list Royal Bank of Scotland as a SELL

Rolls Royce (interim management statement)

Rolls Royce has recently won small but meaningful contracts in China. The recent problems with new engines seems distant now and as confidence starts to return to the travel sector more new engine orders could be seen very soon. We expect some contract wins to be announced in this update and would be slightly disappointed if there isn't. This is still a 'buy' for us for the foreseeable future.

We currently list Rolls Royce as a BUY

Also reporting today is Admiral Group (interim management statement) - HOLD

Economic Diary

Economic announcements for the w/c 3 May 2011

5 May, Governing Council meeting of the ECB in Helsinki, Finland – ECB; Monetary Policy Committee Meeting and Announcement – Bank of England

Last month, the European Central Bank (ECB) blinked, increasing interest rates from 1 to 1.25%. So far the both the Fed and the Bank of England have remained firm. Although a growing number of economists expect the Bank of England to raise rates soon, the majority think that today they will stay put. There is a greater chance, however, that the ECB will increase rates again, this time to 1.5%.

3, 4, 5 May, Reports on manufacturing, construction and services from Markit/CIPS

3 May will see the latest PMI index for manufacturing, followed by the equivalent releases for construction and then services on the two subsequent days. Last month, Markit/CIPS had the PMI for manufacturing falling, but still remaining high on a historical basis. Construction fell, too, but only slightly and from an eight-month high the previous month, and the index measuring services surged to its highest level in 13 months. In all, Markit calculated that the three indices

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suggested the economy expanded by 0.8 per cent in Q1. But there is a growing sense of unease, and many expect to see sharp falls in the indices that are released this week.

Other economic announcements include:

2 May

- US Manufacturing ISM Report On Business, April – ISM

3 May

- Monthly Distributive Trades Survey – CBI
- US Manufacturers' Shipments, Inventories, and Orders – US Department of Commerce

4 May

- US Non-Manufacturing ISM Report On Business for April – ISM
- Lending to Individuals – Bank of England

6 May

- US Employment Situation, April – BLS
- Insolvency statistics, Quarter 1, 2011 – 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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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.

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.

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