

## press release

1 August 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 1 August 2011.**

#### ■ Monday

##### **HSBC (Interim results)**

Santander's recently stated profits were down 38% and this worried the financial markets. European and US concerns have plagued the banking sector recently and movements have been volatile. We expect more of the same this week as the rest of the banking sector are reporting figures. Investors will want to see if HSBC has managed to improve its cost-income ratio as promised at the start of the year.

**We currently list HSBC as a HOLD**

**Companies also reporting today include Hammerson (interim statement) - HOLD and Intertek (interim statement) - HOLD**

#### ■ Tuesday

##### **Barclays (interim results)**

Barclays is the only UK bank that has been left to its own devices (of sorts) and is keen to start making some attractive profits from its retail banking division. We hope this update shows signs of this happening. Also, Investors will be eager to see if the dividend is going to be increased.

**We currently list Barclays as a BUY**

##### **Fresnillo (interim results)**

Fresnillo is a play for investors looking for exposure to silver mining, but also has a gold division. A production update was issued in mid-July and so we don't expect any surprises, just another set of consistent figures. As the gold price continues to rise, we could see further rises on the share price.

**We currently list Fresnillo as a BUY**

**Companies also reporting today include Weir Group (interim statement) - HOLD and Xstrata (interim statement) - HOLD**

#### ■ Wednesday

##### **Legal & General (interim results)**

MP's have called to delay the implementation of the Retail Distribution Review by a further 12 months, which will benefit Legal & General. This would keep more IFA's in business and therefore more savings products could be sold. It will be interesting to see if new business figures and the amount of funds under management will be mentioned in the update.

**We currently list Legal & General as a HOLD**

**Standard Chartered (interim results)**

When the banks issued Q1 figures three months ago, Standard Chartered was the only one to show any signs of life with record income figures. We expect more of the same from these results. Anything less may see a great deal of disappointment from the market and this may be reflected in the share price. It will also be interesting to see if the events in Japan have had a significant impact on trading.

**We currently list Standard Chartered as a BUY**

**Companies also reporting today include Rexam (interim statement) - HOLD and GKN (interim statement) – SELL**

■ **Thursday**

**British Land (Q1 results)**

British Land recently expanded its portfolio of business by buying the leases of 17 Virgin Active Racket Clubs for £179m. Although these properties will be leased back to Virgin, it shows the value and investment opportunities in the property markets at the moment. The company has made investments this year and more is expected in the near future. We hope to see something interesting in these Q1 figures.

**We currently list British Land as a BUY**

**Lloyds Banking Group (interim results)**

Lloyds has announced major job cuts again and the sale of over 600 branches. Concerns over Europe are still hammering away at the share price and coupled with signs that the UK economy is still flagging this could be a very long and torturous road for Lloyds and its investors. Any positives will be gratefully received in these results, but may be hard to find.

**We currently list Lloyds Banking Group as a HOLD**

**Aviva (Interim results)**

Takeover rumours have been abounding the market for Aviva - whether it be a breakup of the company or an outright bid. However, some analysts believe this is highly unlikely due to the current uncertainty surrounding regulations within the insurance industry at the moment, but it should not be ruled out. These results should be of interest as we expect new business figures from both home and abroad to increase, however we don't expect fireworks.

**We currently list Aviva as a BUY**

**Companies also reporting today include Randgold Resources (Q2 results) - HOLD, Rio Tinto (interim statement) - BUY, RSA Insurance (interim statement) - HOLD, Schroders (interim statement) - HOLD, Unilever (interim statement) - HOLD, Inmarsat (interim statement) – HOLD**

■ **Friday**

**Royal Bank of Scotland (interim results)**

We feel Royal Bank of Scotland is undoubtedly the weakest bank within the sector at the moment and it will take a lot of restructuring before we would even entertain the recommending the stock again. Performance has been ok from the UK, but its overseas operations are causing the main concerns. We hope to see some improvement in these results.

**We currently list Royal Bank of Scotland as a SELL**

**Prudential (interim results)**

New business figures released in May showed some reasonable growth levels and we expect this to continue to be the case in these interim results. There has been a little grumble made towards the company's management by shareholders, so a positive set of figures may just swing them back in favour.

**We currently list Prudential as a BUY**

**Companies also reporting today include Old Mutual (interim statement) - HOLD and Smith & Nephew (interim statement) – HOLD**

## Economic Diary

### Economic announcements for the w/c 1 August 2011

#### **PMI Indices, worldwide, Markit, ISM, Markit/CIPS, HSBC/Markit, and others, 1 July**

Last month saw PMI indices measuring manufacturing fall across much of the world. In the UK, the manufacturing PMI, produced by Markit/CIPS fell to 51.3, which is a 21 month low. In China, the HSBC/Markit PMI fell to 50.1, just 0.1 percentage points above the critical no change level. The index was also down in every country in Emerging Europe. In Italy it fell to an 18 month low, Germany saw a 17 month low and France a 22 month low. In Spain, Ireland and Greece it was below 50, suggesting contraction in the sector. The one positive piece of news was that the PMI from ISM measuring the US rose. It seems manufacturing is close to outright contraction across the globe. What will today's various reports indicate?

#### **Governing Council meeting of the ECB in Frankfurt, ECB and Monetary Policy Committee Meeting and Announcement, Bank of England, 4 July**

Last month the Bank of England elected to keep rates on hold and subsequent minutes indicated that no change is likely in today's meeting. The ECB, by contrast, increased rates. It is curious that EU rates are higher than in the UK, even though UK inflation is higher, and it is in the Eurozone where a debt crisis is threatening to precipitate another banking crisis.

#### **Other economic announcements include:**

##### **1 August**

- US Manufacturing ISM Report On Business, July – ISM
- JP Morgan Global Manufacturing PMI, July – JP Morgan Global Manufacturing PMI
- EU Unemployment, June – Eurostat
- UK Manufacturing PMI, July – Markit

##### **2 August**

- US Personal Income, June – BEA
- EU Industrial producer prices, June – BEA
- Markit/CIPS UK Construction PMI, July – Markit

##### **3 August**

- US Non-Manufacturing ISM Report On Business, July – ISM
- Pensions in the National Accounts - compiling a complete picture of UK pensions including unfunded pensions for public sector employees – ONS
- EU Retail Trade, June – Eurostat
- Markit/CIPS UK Services PMI, July – Markit

##### **5 August**

- US Employment situation, July – BLS
- Insolvency Statistics, Quarter 2, 2011 – ONS
- United Kingdom National Accounts, Blue Book – ONS
- Producer Price Index, July 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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## 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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