

press release

3 October 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 October 2011.

■ Tuesday

Wolseley (preliminary results)

Wolseley sold off two of its French businesses back in July for £310m – many thought this was a fair price and the proceeds were used to pay off debt. There has been no update since this development but we hope further in-roads to the company's debt levels have been made and signs of improvement are on the way. Several brokers are very positive about Wolseley; however we will hold judgement until we have had a chance to look at the results.

We currently list Wolseley as a HOLD

■ Wednesday

Tesco (interim results)

Tesco has made £500m of price cuts recently in an effort to win even more of its rivals' customers. This will undoubtedly place pressure on margins, especially on the UK business. Tesco has also admitted defeat in Japan and announced it has pulled out of the region. Price wars are the main concern for us over the coming months and they will no doubt continue nearer Christmas. We feel Tesco is still the most solid of the retailers and it is worth having a closer look at the results.

We currently list Tesco as a BUY

Sainsburys (trading statement)

As price wars will be the name of the game until after Christmas any improvement Sainsburys has made during the first half of the year will be welcomed. However, winning market share from Tesco has always proven to be a very hard task and we do not expect any dents to have been made so far this year.

We currently list Sainsburys as a HOLD

Marstons (trading statement)

The late Indian summer we are having could be beneficial for Marstons as more customers take advantage of the warmer weather and enjoy a drink in the sun. Trading so far this year has been good and we expect this to continue. The yield is also attractive for investors although we doubt that there will be any mention of it in this update.

We currently list Marstons as a BUY

■ Thursday

Carillion (interim management statement)

The half year results issued in August were very positive and it was pleasing to see new contracts being signed, especially from its overseas operations, particularly in Canada. We expect much more to come from Carillion and more contract wins should be announced in this update. The order book is continuing to grow as is Carillions overseas exposure. This is very pleasing and Carillion remains one of our favoured 'buys' within the support service sector.

We currently list Carillion as a BUY

Economic Diary

Economic announcements for the w/c 3 October 2011

3 October manufacturing PMIs in the UK CIPS/Markit and in the Eurozone Markit, and 5 October for services

The 3rd and 5th of this month will see the latest Purchasing Managers Indices (PMIs) for manufacturing and then services. Last month saw the PMI for UK manufacturing fall from 49.4 to 49. Any score below 50 is consistent with contraction, and the index has been below 50 since May. PMIs relating to the Eurozone and the US were equally worrisome.

The CIPS/Markit index measuring services in the UK fell from 55.4 to 51.1. And in the Eurozone, the Business Activity Index for services fell to 51.5 in August, a two-year low, while its Composite Output Index dropped to 50.7, again just 0.8 per percentage points above a level which suggests recession.

6 October, Governing Council meeting of the ECB in Berlin and Monetary Policy Committee Meeting and Announcement – Bank of England

Given recent events, it will come as something of a surprise if the European Central Bank does not decrease the rate of interest from the current 1.5 per cent. At the same time, the chances of the Bank of England announcing more quantitative easing have risen sharply. Today may be the day when both central banks start a new round of monetary easing and stimulus.

Other economic announcements include:

3 October

- CBI/PwC Financial Services Survey published – CBI
- Manufacturing PMI UK – CIPS/Markit
- Various Manufacturing PMIs eurozone – Markit
- Manufacturing ISM Report On Business – ISM
- Record of the Interim Financial Policy Committee meeting held on 20 September – Bank of England

5 October

- UK Services PMIs, September – CIPS/Markit
- Eurozone Services PMIs, September – Markit
- Non-Manufacturing ISM Report On Business – ISM
- EU, National accounts (GDP), 3rd estimate of GDP Q2, – Eurostat
- United Kingdom Economic Accounts, Q2 2011 – ONS
- Business Investment, Q2 2011 Results – ONS
- Balance of Payments, 2nd quarter 2011 – ONS
- Economic Review, September 2011 – ONS

6 October

- Governing Council meeting of the ECB in Berlin – ECB
- Monetary Policy Committee Meeting and Announcement – Bank of England
- Labour Productivity, Q2 2011 – ONS

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- Index of Services, July 2011 – ONS

7 October

- Profitability of UK Companies, Q2 2011 – ONS
- Producer Price Index, September 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 SIPP's 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 SIPP's are also available.

thesharecentre:

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