

## press release

24 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 24 October 2011.**

#### ■ Tuesday

##### **BG Group (Q3 results)**

If the talk in the market is to be believed, Chinese investors have become interested in taking a stake in BG Group's Brazilian adventure. However, we don't expect any news on this to be included in this update. We do expect production in its Brazilian basin to be doing well and other drilling areas to be on target.

**We currently list BG Group as a BUY**

##### **BP (Q3 results)**

BP received a welcome boost recently as Anadarko, one of the companies involved in the Gulf of Mexico incident, agreed to pay \$4bn towards the damages and clean up. As a result BP has dropped the \$6.2bn lawsuit against Anadarko. BP now needs Transocean and Halliburton to step up to the plate, as anything from them will be a timely boost for the company. Although we are unlikely to receive an update on this, we would like to receive comments on the situation in the Arctic region.

**We currently list BP as a HOLD**

##### **Arm Holdings (Q3 results)**

Although both Intel and Apple issued very reasonable results on 18 October, Arm Holdings reacted badly and the share price fell. This may have been because more was expected and the outlook for the technology sector was not as good as was hoped. Arm Holdings will have to release some very positive news to see its share price move forward. However, we do not expect anything spectacular, so we may have to look at re-rating this stock.

**We currently list Arm Holdings as a HOLD**

**Companies also reporting today include Reckitt Benckiser (Q3 results) – HOLD**

#### ■ Wednesday

##### **British American Tobacco (Q3 interim management statement)**

This is still our preferred play within the tobacco sector. The company's strength is in its diversity and exposure to established markets. The yield is also one of the most stable within the market and continues to grow at a steady rate. We expect the usual fare from British American Tobacco and anything less would be a surprise.

**We currently list British American Tobacco as a HOLD**

## **GlaxoSmithkline (Q3 results)**

This is the only large pharmaceutical that we currently recommend investors to 'buy'. GlaxoSmithkline's product pipeline is good and the yield is also attractive for investors. The company recently announced it could spend up to \$2bn on acquisitions in India, as the company looks to boost its presence in the region. These results are expected to be steady.

**We currently list GlaxoSmithkline as a BUY**

■ **Thursday**

## **AstraZeneca (Q3 results)**

AstraZeneca is currently spending a lot of money conducting a share buy back scheme; however investors may prefer the company invest and look to acquisitions as the product pipeline has traditionally been fairly weak. The company has indicated it wishes to move forward this way. With company trading levels close to some of its lowest levels for some time we wonder when this move forward will come.

**We currently list AstraZeneca as a HOLD**

■ **Friday**

## **Shire Pharmaceuticals (Q3 results)**

Shire Pharmaceuticals has had a good year so far and we expect this set of figures to be fairly reasonable. Food and Drug Administration approval was granted in August for one of its drugs and updated guidelines in regards to treatment of Paediatrics with Attention Deficit/Hyperactivity Disorder should be a welcome boost. Shire Pharmaceuticals has been one of our favourites within the pharmaceutical sector, however the share price recently increased to a high enough level for us to drop our 'buy' recommendation - we hope these results are good enough to reinstate it.

**We currently list Shire Pharmaceuticals as a HOLD**

## **WPP (Q3 results)**

WPP has had a busy period with acquisitions flying in recently - Russian, African and Chinese companies have all been targets. Although WPP was an international company previously it is now really spreading its wings. Cash generation is high and the company is in the full swing of a share buyback programme. This appears to be a good use of cash for shareholders, adding value through acquisition and reducing shares in issue. These results are expected to be good.

**We currently list WPP as a HOLD**

## Economic Diary

### **Economic announcements for the w/c 24 October 2011**

#### **26 October, Quarterly Industrial Trends Survey – CBI**

Last month saw the CBI Business Industrial Trends survey fall back from the August level.

However, although the reading of minus 9 indicated that the majority of manufacturers said output was either less or the same as last year, it was, in fact, well above the long run average of minus 18. More worryingly, the CBI survey had export order book levels falling to minus 12, the lowest level since October 2010. Although the long run average is even lower, it is clear that for the export led recovery to occur, manufacturers need to export much more.

#### **27 October, US Gross domestic product advance estimate for Q3 – BEA**

Although recent Purchasing Managers Indices relating to the US have fallen sharply recently, the index has stayed above the critical 50 no change mark. Meanwhile, the latest business activity

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index, at 53, was consistent with growth of between 1 and 2 per cent. However, September also saw a 1.1 per cent month on month rise in retail sales. The US economy faces serious headlines in the months ahead, but it seems Q3 2011 saw the US economy expand at a reasonable pace; probably in excess of 2 per cent on an annualised basis.

## **Other economic announcements include:**

### **25 October**

- United Kingdom Economic Accounts , Q2 2011 – ONS
- Balance of Payments, 2nd quarter 2011 – ONS

### **26 October**

- National Population Projections, 2010-Based – ONS

### **27 October**

- Monthly Distributive Trades Survey – CBI

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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 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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