FTSE 100 Live: Bank shares falter after strong week; house prices down; Euro inflation dips

L
ondon's main stock index started the last trading day of the first quarter of 2023 with gains, after a readout for the economy showed better growth in the final three months of last year.

Elsewhere, Nationwide data revealed house prices declined again, while Dignity announced a £300 million loss.

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Banks shares falter after positive week

THE FTSE 100 is on course for a positive end to the first quarter of the year today, but momentum is fading from this week's relief rally.

Much of the advance came from financial stocks as confidence flowed back into the sector and the wider market. Wider fears over the potential knock-on effects of problems at European and US banks eased consistently.

But the recovery, which ran since Monday, left bank shares looking tired into the weekend and they gave back some of the rebound.

HSBC fell 6p on the session to 550p. Standard Chartered, the UK bank focused on emerging Asian markets, fell by 3p to 612p. NatWest was 2p lower at 263p.

London’s insurance stocks slipped as wider attention stayed on the global financial sector while the shockwaves of Credit Suisse’s rescue deal last week with UBS faded.

Prudential fell 14p to 1101p, with Aviva 5p weaker at 401p Overall, the FTSE 100 was up just 16.39 points at 7,636.82, leaving it up by just over 1% for the year to date.

James Hughes at Scope Markets said: “London’s blue chip index has made no meaningful progress over the quarter but once you put this against a backdrop of ongoing rate hikes and a threatened full-blown banking crisis, the fact we’re still around these levels is commendable.”

Travel and tourism stocks headed north after upbeat broker comment on the sector. Barclays lifted its price target on easyJet’s stock to 570p from 510p, helping it rise by 17p to 518p. British Airways’ owner, IAG, added 3p to 151.4p after Deutsche Bank, upped its price target on the stock to 200p from 180p.

News of the ninth consecutive monthly fall in house prices hit residential developers. Persimmon fell 11p to 1257p. Barratt Developments fell 2.3p to 470p.

Computacentre reported its 18th consecutive year of higher earnings per share and profit before tax of £264million, up 3.2%. Stock in the Hatfield-based IT services firm held steady at 2088p

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Eurozone core inflation hits record high

Inflation in the Eurozone dipped to 6.9% in March, but the core inflation figure rose to a new record high.

The headline number was down from 8.5% in February, the European Central Bank revealed. However, the core figure – which excludes more volatile food and energy prices – rose to 5.7%: the highest since records began in 1997.

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Searchlight Capital Partners gets in on Providence's £481 million Hyve acquisition

Searchlight Capital Partners will jump in on Providence Private Equity's £481 million acquisition of exhibition business Hyve, taking a 40% stake in the bid

In a bid recommended by Hyve's board, Providence Equity Partners agreed earlier this month to pay 108p per share of the event organiser.

However, Searchlight Capital Partners will now take a 40% stake in the bidding entity. The terms of the acquisition will otherwise remain the same.

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Is a recession still on the cards?

Capital Economics deputy chief UK economist Ruth Gregory has warned that the country could still slip into a recession this year, despite positive economic news this morning.

UK GDP for Q4 of 2022 was revised up today, improving the likelihood that the country could escape a recession this year.

However, Gregory said she still expects a decline, as most of the impact of recent interest rate hikes has not yet filtered through to the wider economy.

"Overall, today's figures suggests households have slightly larger buffer than we had expected to cope with rising interest rates," she said. "But with the stock of households' savings now below the pre-pandemic trend in real terms, we still think that savings will be less powerful this year.

"And with around two-thirds of the drag on real activity from the rising interest rates from 0.10% to 4.25% has yet to be felt, the figures do not change our view that the economy will slip into recession involving a peak-to-trough fall in real GDP of about 1.0%."

Philip Shaw at Investec noted the announcement reduces the likelihood of a recession, but does not change the fact that the economy is struggling.

"The latest release takes the UK a little further away from the recessionary danger zone, although the report does not change the overall picture that the economy's performance was lacklustre over the second half of last year as the cost of living crisis hit hard," he said.

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FTSE 100 sets course for fifth straight day of gains

London's FTSE 100 is making modest gains in early trade, enough to keep it on course for a fifth consecutive positive session on the last trading day of the first quarter of 2023.

The main UK stock index added 8 points to 7628.01, a rise of 0.1%.

Travel and tourism stocks stood out on the leaderboard after upbeat broker comment on the sector. Barclays lifted its price target on easyJet's stock to 570p from 510p, helping it rise by 17p to 518p, a 3% rise that was the single biggest of the morning.

IAG, the owner of British Airways, was in second place, up over 3p to 151.4p, rise of almost 3%. It was given a lift by separate analysis from Deutsche Bank, which upped its price target on the stock to 200p from 180p.

News of the ninth consecutive monthly fall in house prices hit residential developers. Persimmon fell 11p to 1257p. Barratt Developments fell 2.3p to 470p.

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Cybersecurity shares under pressure as two firms post profit warnings

Cybersecurity shares are under pressure after two firms in the space announced profit warnings this morning.

NCC Group shares plummeted as it announced its profit for the year was now expected to be £28 million – 40% lower than previously thought.

Meanwhile, the Shearwater Group now expects essentially no profit, with revenue set to come in "significantly behind market expectations". Its shares fell by almost 40%.

Both companies put the declines down to the wider declines in the tech sector, which led to their customers reducing or delaying spend on cybersecurity services.

The announcements had an effect on other cybersecurity businesses, with Darktrace shares down by 2.1%.

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Rolls-Royce top-level reshuffle begins as

new CEO Erginbilgic selects his top team

The new chief executive at Rolls-Royce, Tufan Erginbilgic, has started to shake up top level management at the world-famous engineer he compared to a "burning platform" shortly after taking up the job.

BP executive Helen McCabe will join and become chief financial officer, replacing Panos Kakoullis, who will stay on at the Derby-based company in the role until the end of August at the earliest.

Insider Rob Watson will step up as president of Rolls-Royce's civil aerospace division, with immediate effect. His predecessor, Chris Cholerton, will be group president, taking on responsibility for the company's nuclear operations, including its small modular reactors (SMR)business and its submarines business. Tom Samson is leaving the SMR business "with immediate effect".

Adam Riddle will head up Rolls' North American business straight away, a role previously held by Tom Bell.

Erginbilgic said: "With the leadership changes announced today we are acting at pace and gaining the momentum we need to transform Rolls-Royce."

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Virgin Orbit on the brink after sacking 85% of staff

Richard Branson's Virgin Orbit is on the brink of collapse after the firm said it would let go of 85% of its staff after being unable to secure enough funding.

Nearly 700 employees are set to leave the firm, whose inaugural rocket launch attempt earlier in the year unexpectedly failed.

“We have no choice but to implement immediate, dramatic and extremely painful changes,” Virgin Orbit chief executive Dan Hart told employees, according to CNBC.

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Nationwide: House prices fell in March for the 9th month in succession

House prices fell by 3.1% in the year to March, the fastest rate of decline since July 2009, according to latest data from Nationwide. It was the ninth consecutive month of price drops, the building society said. London recorded a 1.4% fall to an average price of £511,293

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Gains expected for FTSE 100 after GDP revised up – UK economy grew in Q4

A brighter picture for the UK economy in the final quarter of last year is helping the FTSE 100 head toward its fifth consecutive rise of the week, helping confidence flow back into the market.

Revised numbers from the Office for National Statistics show that the size of the economy grew by 0.1% quarter-on-quarter in the last three months of 2022, rather than holding steady.

The better showing in the updated data is the latest piece of good news for the UK economy, after the Bank of England and OBR both announced earlier this month that they no longer expect a recession this year.

According to opening calls for the stock market from spread betting firm CMC, the FTSE 100 will add 10 points in opening trade to 7,630, setting it on course for its fifth consecutive day of gains.

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