FTSE 100 Live: Next shares fall; steady start for London trade; Ermotti back at UBS, mortgage approvals up

L
ondon's FTSE 100 made a steady start, with investors in cautious mood after US tech stocks stood out overnight during a fall for Wall Street markets.

Consumer credit data for February will test improving sentiment toward banks and will also resonate in the housebuilding sector, via insight into demand for mortgages in the UK.

Shared in fashion brand Next are lower after it pointed to lower profits in the current financial year.

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[1680083245]

FTSE 100 housebuilders take slowdown in mortgage lending in their stride

Shares in housebuilders held up on the FTSE 100 even after a sharp slowdown in mortgage lending in last month.

The drop in home loans in February to £0.74 billion from £2 billion in January defied economists expectations for a rise to £2.4 billion, although the number of mortgages approved rose to 43,500 from 40,500 in January, the first increase since the mini-Budget.

But after investors have been pricing in a drop in activity in the UK home market for months, big-name developers’ stock rose. Persimmon added 29p to 1229p, with Barratt Developments up 6p to 454p. London-focused builder Berkeley Group was up 43p to 4125p.

1680080032

Galliford Try rises on Brent Cross contract win

Construction company Galliford Try today said it will work on a £75 million contract to create a new rental homes building at the Brent Cross Town regeneration scheme.

The property will sit on a 180-acre site where new shops, offices and homes are planned and being delivered in partnership by Barnet Council and developer Related Argent.

Shares in Galliford Try gained 4.6p, or 2.7%, to 177p after it said its building business had been appointed to the contract.

Boss Bill Hocking said the private rental and wider residential sectors are “an integral part” of the firm’s sustainable growth strategy.

1680079976

Consumer credit growth at highest level since November 2018

Consumers borrowed an additional £1.4 billion in February, down from January, but the annual growth rate hit a four-year high.

Year-on-year growth in borrowing was 7.7, the highest rate since November 2018.

Credit card borrowing dropped to £600 million, but other forms of credit rose to £800 million.

Mortgage approvals were up to 43,500 in February, the first increase since the mini-Budget.

1680079242

Luxury whisky lifts spirits at Artisanal

Sales of a rare £2,500 bottle of scotch have helped spirits maker Artisanal hit record revenues.

The 33-year-old whisky, called ‘Bonkers for Conkers,’ was released by the firm’s Scotch Malt Whisky Society late last year in a batch of 600 worth a combined £1.5 million.

According to the Society, the drink boasts “aromas of polished horse chestnuts, rosehip, birch branches, prunes, dates and figs” alongside “flavours of hay-smoked roe deer with blackberry and beetroot beautifully balanced by a fresh berry chantilly cake.”

CEO Andrew Dane said: “Members absolutely loved it.

“It’s the continuing trend of premiumisation – buying better is something we see in all markets but particularly with old and rare products.”

Turnover at Artisanal climbed 19% to £21.8 million in 2022 amid a 12% jump in membership of the Society to 37,000 globally.

Membership in China fell 4% amid a cancellation of Society events due to Covid restrictions, offset by a 29% leap in European members helped by an easing of post-Brexit supply chain uncertainty.

Membership in the UK, which includes a luxury club popular with city financiers in Farringdon, rose 10% to 18,000.

Artisanal posted a £2.1 million loss, down from a £2.7 million loss the year before.

The firm said its current stock of whisky sitting in casks was estimated to be worth a combined half a billion pounds when it reaches maturity. It plans to have doubled revenues between 2020 and 2024.

Artisanal Spirits shares rose 11% to 99p.

Artisanal Spirits
1680076809

Ermotti back at UBS

UBS surprised the banking world today when it brought back Sergio Ermotti as chief executive just two weeks after it took over historic rival Credit Suisse.

Ermotti had been CEO for nine years up until 2020 and will replace the incumbent Ralph Hamers.

It is clear that the £2.5 billion CS rescue deal is behind the shake-up.

UBS said: “The Board took the decision in light of the new challenges and priorities facing UBS after the announcement of the acquisition.”

Ermotti is credited with rejigging the bank after the financial crash, in particular, UBS said he “swiftly transformed the investment bank by cutting its footprint and achieved a profound culture change within the bank which allowed it to regain the trust of clients and other stakeholders, while restoring people’s pride in working for UBS”.

Hamers said he is “of course sorry to leave UBS, but circumstances have changed in ways that none of us expected”. His deal last year to buy robo-adviser Wealthfront for $1.4

billion was ditched.

Thousands of jobs cuts are likely as UBS merges CS, which employs 5000 at Canary Wharf.

1680076379

TinyBuild CEO: London still a great place to list for smaller developers

The boss of video game developer TinyBuild said the business considered a US listing, but chose London instead to avoid being compared to industry “juggernauts”, as sales of its older games helped profit rise in 2022.

Speaking as the business announced its 2022 results, CEO Alex Nichiporchik said listing in the US had initially been a “dream”, but that he feared that would lead to unhelpful comparisons to multi-billion-dollar developers of mobile games and the top console titles.

“We were looking pretty much everywhere,” he said. “One of our dreams was to list in the US.

“But we realised that we would be compared with Zynga, with Take-Two, EA, some other close-to-gaming companies that were listed.

“And then the investor base and the analysts would ask annoying questions based on that.”

The future of London as a place for tech companies to list their shares had been questioned recently, after businesses such as Arm and CRH announced plans for US listings. But Nichiporchik said the City is still well-suited for mid-cap and small-cap tech firms.

The developer of games such as SpeedRunners and Hello Neighbor reported profit of $24.4 million in 2022, up 10% as sales of its older games remained strong.

The firm also announced its first acquisition, buying Bafta-nominated NotGames for $4.2 million.

1680075601

Tesco makes best single gain on FTSE 100 after broker upgrade

Supermarket giant Tesco topped the FTSE 100 in early trade after a run of strong sales data from the high street was followed by upbeat analysis on the stock.

Morgan Stanley lifted its rating on Tesco’s shares to “overweight” from “equal weight”, a sign that the stock could have room to rally. The broker also lifted its price target on the shares to 296p from 263p.

The shares were up by over 5p to 260p, a gain of 2% and enough to head the leaderboard.

1680075083

FTSE 100 ticks higher in opening trade as recovery for financial stocks continues

London’s main stock index moved back up above 7500 points in early trade, with gains for financial stocks continuing, helping sustain the overall rise.

The FTSE 100 opened up 17 points at 7501.10, a rise of 0.2%.

3i Group, the investment firm, rose 27p to 1637p, a rise of 1.7%. Prudential, the insurer, was up 16p to 1060p.

Next, the fashion chain, fell 450p to 6272p after it repeated forecasts for profit to slip for the current year, to £795 million, due to inflation and rising wage costs. Earnings t rose to £870 million for its financial year to the end of

January, ahead of forecasts.

[1680074151]

Next targets more deals

NEXT again showed why it is the king of the high street today with a leap in profits that defy the consumer slowdown and leave it set for more acquisitions of rivals.

Last night Next bought Cath Kidston for £8.5 million, following earlier deals for Reiss, Made.com, Joules and others.

Chief executive Simon Wolfson says he hopes more deals will follow, though he won't overpay or set targets for how many takeovers will be done.

"It has to be a great brand with (ideally) great management in place," he said.

He adds: "We are very clear: if we cannot find *good quality* investments, then there is no shame (and much wisdom) in handing surplus cash back to our shareholders."

Those shareholders were today basking in a 5.7% rise in annual profits to £870 million on an 8% rise in sales to £5.1 billion.

The shares are up 600% since Wolfson, now Lord Wolfson of Aspley Guise, became CEO in 2001 at the age of 33. The stock opened today at 6204p which values the business at £8 billion.

[read more here]

[1680073465]

UBS brings back former boss to lead

Credit Suisse integration as CEO

Sergio Ermotti will return as CEO of UBS to lead the Swiss bank through the acquisition of Credit Suisse.

Ermotti, who was in charge of UBS from 2011 to 2020, will take over next week, replacing Ralph Hamers, who moves into a new advisory role.

The change comes just over a week after UBS rescued its longtime rival Credit Suisse with a £2.6 billion acquisition, following widespread concerns about Credit Suisse’s future.

UBS said Ermotti – who cut the lender’s footprint in the wake of the global financial crisis was “ideally placed” to take charge for the transition period.

“I am honored to be asked to lead this bank at a time that is so important for all its stakeholders and for Switzerland,” he said. “I would like to express my gratitude to Ralph for steering UBS so successfully. The task at hand is an urgent and challenging one.”

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