

# Arcontech Group PLC

12:25 22 Aug 2019

## FTSE 100 closes lower as sterling's strength hits the index after Merkel back-stop comments

- FTSE 100 closes down 75 points
- US indices mixed as traders digest economic data, eye Jackson Hole Fed meeting
- CBI distributive trades survey reveals another gloomy month for UKretailers

5.20pm: FTSE 100 ends in the red

FTSE 100 closed lower on Thursday weighed by a strengthening pound as Brexit deal hopes lifted the UK currency.

The UK's blue-chip index finished down 75.79 points at 7,128.18 The midcap FTSE 250 lost 2.43 to stand at 19,205.32.

Against the US dollar, the pound added 1% to \$1.2247, which sent the Footsie lower as it comprises a big number of dollar earning constituents.

The surge in sterling was triggered by comments from Angela Merkel in relation to the Irish backstop, noted analyst David Madden, senior analysts at CMC Markets.

Germany's Chancellor said in a news conference it could be possible to solve the backstop issue on the Irish border before the crunch October 31 Brexit deadline, sparking hopes of an orderly UK exit from the EU.

"The inverse relation between the pound and the FTSE 100 is hitting the British index hard. The equity benchmark has large international exposure, and the pound's rally is causing the pain," Madden said.

On Wall Street, stocks were mixed to lower, as traders mulled over underwhelming manufacturing data along with the fact that little was given away in the Federal Reserve minutes released yesterday. Investors will be looking out for monetary policy hints from central bankers at the Federal Reserve's 2019 Economic Symposium which kicks off in Jackson Hole.

The Dow Jones Industrial Average added around 48 points, while the S&P 500 index gained about 4 points, but the Nasdaq Composite shed around 39 points.

3.50pm: Sterling gains ground

The pound strengthened against the dollar after German Chancellor Angela Merkel said a solution for the Irish backstop could be reached by the 31 October Brexit deadline.

Speaking at a news conference alongside Prime Minister Boris Johnson in Berlin, Merkel said: "The backstop has always been a fall-back option until this issue is solved.

"It was said we will probably find a solution in two years. But we could also find one in the next 30 days, why not?"

**Price:** 137.25

**Market Cap:** £18.13 m

### 1 Year Share Price Graph



### Share Information

**Code:** ARC

**Listing:** AIM

<b>52 week</b>	<b>High</b>	<b>Low</b>
	236	100

**Sector:** Software & services

**Website:** [www.ktsplc.com](http://www.ktsplc.com)

### Company Synopsis:

*Arcontech Group, founded in 1979, is a real-time software specialist providing products and bespoke systems for collection, processing, distribution and presentation of time-sensitive financial markets data.*

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Sterling rose nearly 1% against the dollar to US\$1.22 and increased by a similar margin against the euro to €1.1035.

3.20pm: US factory sector shrinks

US manufacturing activity has contracted for the first time in nearly a decade, key data has revealed.

IHS Markit's US manufacturing purchasing managers' index fell to 49.9 in August from 50.4 in July. It marks the first time since September 2009 that this PMI has fallen below 50, which signals a contraction in sector activity.

The services PMI also dropped to a three-month-low of 50.9 in August, down from 53.0 in July. The composite index, which combines services and manufacturing, fell to 50.9 from 52.6.

U.S business activity growth eased in August, amid a slower rise in service sector output. The Flash U.S PMI slipped to 50.9 (52.6 - July), with overall new business rising at the slowest rate since October 2009. More here:

<https://t.co/Gpj0NtL6if> [pic.twitter.com/tJn07aGVQF](https://pic.twitter.com/tJn07aGVQF)

— IHS Markit PMI™ (@IHSMARKITPMI) August 22, 2019

Economists were expecting manufacturing PMI of 50.5 and services PMI of 52.8.

US stocks are now mixed after a positive open. The Dow Jones Industrial Average is up 66 points but the S&P 500 and Nasdaq are down 1 and 20 points, respectively.

2.40pm: US stocks open higher

US stocks edged higher at the opening bell as an annual conference of central bank leaders in Jackson Hole gets underway.

The Dow Jones Industrial Average rose 110 points to 26,314, the S&P 500 increased 12 points to 2,934 and the Nasdaq added 21 points to 8,041.

Investors will be looking out for hints from central bankers on monetary policy at the 2019 Economic Symposium hosted by the Kansas City Federal Reserve in Jackson Hole.

The event comes after minutes from the Fed's July meeting, released on Wednesday, showed policymakers debated cutting interest rates more aggressively.

In economic data, the US Labor Department revealed new applications for unemployment benefits fell by 12,000 to 209,000 during the week ended Aug 17, marking a four-week low.

2.00pm: FTSE 100 recovers

London's leading shares index has trimmed its losses, with sentiment improved a little by expectations of a modestly firmer start on Wall Street.

The FTSE 100 was down 28 points (0.4%) at 7,176.

On the futures markets, the US benchmarks are trading higher and the current expectations is that the Dow Jones will kick off around 69 points heavier at 26,271 while the broader-based S&P 500 is tipped to open at around 2,932.6, up 8.2 points.

Back in the UK, the CBI distributive trades survey painted a predictably bleak picture of the UK retail sector in August.

While 10 out of every 100 respondents to the survey reported that sales were up year-on-year, 58 out of 100 reported they were lower, giving a sales balance (after rounding) of -49.

The balance of retailers reporting a fall in orders was also negative, at -57.

"The CBI distributive trades survey points to sharply weakened retail sales over late July and the first half of August," commented Howard Archer, the chief economic advisor to the EY ITEM Club.

"On a less pessimistic note, a relatively small balance of 6% of retailers said sales in August were below average for the time of year," he added.

"The CBI reported that only non-store retailing saw a rise in sales with volumes dropping in most other sectors, including grocers, clothing, hardware and DIY. The CBI also reported growth in internet sales remained below average in August," Archer noted.

On the company news front, Anglo Asian Mining PLC (LON:AAZ) rose 8.1% to 147.5p after it responded to a recent report that Azerbaijan's Ministry of Economy has appointed a consultant to advise on a 'possible transaction'. Anglo confirmed it has been in recent discussions with the Azerbaijan government and other parties in relation to potential transactions, but added the discussions were preliminary and no terms have been discussed or agreed.

12.40pm: Footsie on the wrong end of the see-saw as sterling rises

The Footsie has traded sideways for the second half of the morning, with sentiment not helped by sterling's solid showing on foreign exchange markets.

The FTSE 100 was down 39 points (0.5%) at 7,165.

Sterling, meanwhile, was up by around a quarter of a cent at US\$1.2160.

Drugs giant AstraZeneca PLC (LON:AZN) defied the trend, rising 0.2% to 7,427p, after its roxadustat anaemia drug secured another regulatory approval in China.

Sector peer GlaxoSmithKline PLC (LON:GSK) was down, however, shedding 0.2% at 1,681.6p, despite revealing that a phase III trial, called ATLAS-2M, has shown that the bi-monthly injection of its HIV treatment is just as effective as the once-monthly jab.

Among the mid-caps John Laing Group PLC (LON:JLG) slumped 8% to 350.4p after its half-year results.

\* GLAXO-iiV's ATLAS-2M HIV Regimen Study Met Primary Endpoint.....U/C

\* GVC-CEO buys £5m shares.....+1%

\* JOHN LAING-1H looks disappointing w/ more writedowns than exp'd.....-3-5%

— Trader (@bidandlay) August 22, 2019

The infrastructure investment group announced a slew of write-downs on its energy portfolio, with £66m of write-downs on renewable energy assets in Australia and £55m of write-downs on its European wind farm assets.

10.30am: Footsie trading sideways at lower levels

The Footsie got off to a lacklustre start, not helped by the usual rag-bag of ex-dividend stocks on a Thursday, and remains subdued.

London's index of leading shares was down 34 points (0.5%) at 7,170.

"Markets remain in wait-and-see mode on Thursday, after the Fed minutes told us nothing we didn't already know despite briefly being responsible for the, now very well known, recession indicator flashing red for a second time.

"The minutes on Wednesday highlighted just how difficult the current situation is, with the central bank deeply divided on the correct course of action, although there was a broad agreement that the July rate cut was a 'mid-cycle adjustment' rather than the start of an easing cycle. Of course, one doesn't stop the other becoming true and could develop that way," said Craig Erlam at Oanda.

Copper miner Antofagasta PLC (LON:ANTO) was 0.6% lower at 814p after its interim results.

#ANTO - Antofagasta PLC

Revenue up 19.1% to \$2,525.6 million as higher copper sales volumes and by-product revenues were partially offset by a 6.3% lower realised copper price.

others:\$kaz, #AAL, #BHP

prefer \$kaz

— darren (@dlefcoe) August 22, 2019

Irish building materials firm CRH Holdings PLC (LON:CRH) was also lower, shedding 0.5% at 2,659p, despite a record performance in the first half of 2019.

"How has it achieved this feat when you would expect the construction sector to be fairly depressed? Indeed, there are clear signs of slowing growth among the company's peer group in the US as well as pressure on pricing," asks AJ Bell's investment director, Russ Mould.

"Selectively buying up businesses is unashamedly part of the strategy, but organic growth is probably a better test of the firm's foundations. Take acquisitions out of the equation and growth look solid rather than spectacular," was Mould's verdict.

8.35am: London off to a sluggish start

The FTSE 100 got off to a sluggish start as London absorbed the apparently 'dovish' comments released by the US Federal Reserve following its July meeting.

Analysts said they suggested a disconnect between the markets and the rate-setters with the former pricing in far greater cuts to base rates than the latter appears prepared to sanction.

Add to that President Trump's refrain calling for lower US interest and you have a potent cocktail for uncertainty.

No doubting the day's big mover - NMC Health (LON:NMC), which charged up 42% in early deals. The rocket-fuelled spike followed a newswire exclusive suggesting two rival buyers are locked in a bidding war for a stake in the health centre operator.

6.30am: FTSE 100 called lower

The FTSE 100 is set to start Thursday lower as attentions focus on macroeconomics, in particular, the central banks and interest rates.

CFD group IG Markets this morning is calling the London benchmark down 15 points with an hour to go until Thursday open, as it makes the price 7,175 to 7,178.

Ahead of this year's Jackson Hole meetings the market has absorbed the latest release of Federal Reserve meetings, for July, which yesterday indicated a degree of disconnect between the outlooks of US central bank and Donald Trump.

Moreover, it revealed mixed views within the policy committee with not all members in favour of the rate cut and yet also some members had pushed for a larger cut of 50 basis points.

"Quite simply given the data, and the tone of the minutes the current economic outlook doesn't appear to support a view that the committee would be able to coalesce around a cut the size of 50bp, whatever a hectoring President Trump would have them do," said Michael Hewson, an analyst at CMC Markets.

"This could be a problem given that bond markets have another 65bp of cuts priced in by year-end. Either the Fed buckles in the coming weeks and follows the market, or the market is mispriced.

The analyst added: "The US President has also been upping the ante a lot more this week, lobbing barrages of criticism in Fed chair Jay Powell's direction, questioning his and the central banks' competence, as well as calling for a cut of 100bp. In doing so he went on to bemoan the fact that markets were paying Germany to lend it money while bemoaning the fact that the US was paying interest."

Fresh economic statistics and the European Central Bank will be on today's economic agenda.

On Wall Street last night the Dow Jones ended the trading session up 240 points or 0.93% at 26,202 while the S&P 500 was marked 0.82% higher at 2,924. The Nasdaq gained 0.9% to close the day at 8,020.

In Asia, Japan's Nikkei was just slightly lower for the session at 20,610 and Hong Kong's Hang Seng was down 0.99% at 26,010. The Shanghai Composite was 0.3% lower at 2,871.

Around the markets:

Pound: US\$1.2124, down 0.05%

Gold: US\$1,500 per ounce, down 0.25%

Brent crude: US\$60.05 per barrel, up 0.03%

Bitcoin: US\$9,941, down 2.83%

Major announcements expected for Thursday, August 22:

Finals: Arcotech Group PLC (LON:ARC), Laura Ashley PLC (LON:ALY), Rank PLC (LON:RANK)

Interims: Anglo Pacific PLC (LON:APF), Antofagasta PLC (LON:ANTO), CRH PLC (LON:CRH), Foresight Solar PLC (LON:FSFL), John Laing PLC (LON:JLG), Macfarlane Group PLC (LON:MACF), NMC Healthcare PLC (LON:NMC), Playtech PLC (LON:PTEC), Premier Oil PLC (LON:PMO), Sopheon PLC (LON:SPE), Sportech plc (LON:SPO)

FTSE 100 ex-dividends: Berkeley Group PLC (LON:BKG), London Stock Exchange Group PLC (LON:LSE)

Economic data: US weekly jobless claims

Proactive news headlines

88 Energy Limited (LON:88E) will retain a 30% working interest in Area A of the conventional Project Icewine acreage after clinching a farm-out agreement. Premier Oil PLC (LON:PMO) has signed a sale and purchase agreement with 88 Energy and Burgundy Xploration LLC to farm-in for a 60% interest in Area A, which is in the proven Alaska North Slope basin.

Anglo Pacific Group PLC (LON:APF) posted a 64% jump in revenue in the first half, driven by a strong performance at its Kestrel underground coal mine in Queensland, Australia.

Katoro Gold PLC (LON:KAT) has agreed to sell its Lake Victoria projects in Tanzania to focus on the nickel potential at Haneti.

Symphony Environmental Technologies PLC's (LON:SYM) shares were higher on Thursday as its partner firm, Grupo Bimbo, announced the progress of its biodegradable packaging programme using Symphony's d2w plastic technology.

Tlou Energy Limited (LON:TLOU) told investors that the Lesedi 3 and Lesedi 4 production pods have now both achieved sustained gas flow rates.

IronRidge Resources Limited (LON:IRR) has held a meeting with Volkswagen to present its lithium project in Ghana to the German car company.

SDX Energy Plc (LON:SDX) reported a 9% rise in first-half production following successful drilling at the Meseda field and increased gas sales in Morocco.

Ariana Resources PLC (LON:AAU) has been granted a new operational licence at its Salinbas gold project in Turkey.

Wizz Air Holdings PLC (LON:WIZZ) is set to launch three new routes from Stobart Group PLC's (LON:STOB) Southend Airport.

Columbus Energy Resources PLC (LON:CERP) has updated on its enhanced oil recovery (EOR) project at the Innis-Trinity asset in Trinidad.

Capital Drilling Limited (LON:CAPD), which leases drilling rigs to mining companies, said the recent upsurge in the gold price is good news for the company.

Anglo Asian Mining PLC (LON:AAZ) has responded to a recent report that Azerbaijan's Ministry of Economy has appointed a consultant to advise on a 'possible transaction'.

Falcon Oil & Gas Ltd (LON:FOG) this morning told investors that it has had the environmental green light for its proposed appraisal well at the Beetaloo project.

i3 Energy PLC (LON:I3E) said the drilling had begun on its Liberator Field, off the coast of Aberdeen.

Tekcapital PLC's (LON:TEK) net asset value per share increased by 8 cents to 38 cents in the six months to the end of May.

Medical technology company IXICO PLC (LON:IXI) has made two top-level changes. Chief financial officer Grant Nash, appointed to the role in April, joins the board with immediate effect. Tim Sharpington, the company's senior independent director for the last six years, will step down at the end of the current financial year.

#### City Headlines:

Ryanair loses court battle to block UK pilot strikes - BBC News

Facebook cryptocurrency investigated by EU - Financial Times

Privacy fear over Mercedes-Benz that track driver's every move - The Times

Goldman Sachs claws its way into contention for Saudi Aramco IPO - Financial Times

UK bosses earn 117 times average worker despite pay cut - BBC News

Glencore, BP stuck with tainted Russian crude - Reuters

Norway's \$1tn oil fund loads up on equities - Financial Times

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