

Morning Rundown



Overnight Indices

Index	Level	Move	Long Term Trend	Short Term Trend	Trading Comments
DOW JONES INDEX	12866.78	52.43	Neutral	Neutral	Possible top around here
S&P 500 INDEX	1397.68	5.11	Neutral	Neutral	Not as bullish and still looking for a top
NASDAQ COMPOSITE	2451.24	12.75	Neutral	Neutral	Rise in volatility spells possible trend change
GERMAN DAX	7071.90	-4.35	Neutral	Up	Needs to hold above current resistance area
FTSE 100	6270.80	9.80	Neutral	Up	Approaching dangerous territory here
AUSTRALIA ASX ALL ORDS	5844.40	43.50	Neutral	Up	More resistance ahead around 5850
HANG SENG INDEX	25038.06	-411.73	Neutral	Neutral	Sharp pullback suggests possible top here
TOKYO NIKKEI	13655.34	-287.92	Down	Neutral	Major resistance around 14000

CFD Currencies & Commodities

Index	Level	Move	Long Term Trend	Short Term Trend	Trading Comments
Euro v. US Dollar	153.94	-0.04	Euro Bullish	Euro bearish	Short term top in place
Sterling v US Dollar	195.43	0.09	Neutral	Neutral	Sterling still failing at resistance above 200
US Dollar v Japanese Yen	103.52	-0.87	Dollar Bearish	Dollar bullish	Gap up suggests higher dollar
Gold Spot	882.10	10.90	Up	Down	Target hit but stay short
Crude Oil	123.69	0.16	Up	Up	Possible false break here
CRB Index	422.14	1.96	Up	Up	Major resistance around 422

Market and Share News

US stocks edged up yesterday as miners and oil stocks moved higher, though sales figures from the retail sector were mixed. **Wal-Mart** saw same store sales increase 3.2% in April while **Costco** saw a solid 8% sales gain, which beat forecasts of a 6.1% increase. **JC Penney** saw same store sales down 1.7% in April, and **Target** said April same store sales rose 3.1%, missing forecasts for a rise of 4.5%. **Manitowoc** picked up as its agreed bid for the UK's Enodis was trumped by a higher offer from **Illinois Tool Works**. **AIG** lost over \$7.8bn in its fiscal Q1 and is looking for \$12.5bn in additional capital to rescue its balance sheet, after a \$9.1bn hit on credit default swaps, and after hours the shares were down 10%. **El Paso** moved into profit in Q1, with eps of 29 cents compared with a loss of 8 cents per share in the corresponding period of last year.

The miners helped keep the FTSE 100 index positive yesterday with renewed bid speculation surrounding **Kazakhmys**. Rival Kazakh miner **ENRC** was again the name in the frame, and it has a deadline of until 16th May to make an offer for its compatriot. **Lonmin** was also strong after it reported a 63% rise in H1 underlying earnings per share thanks to high platinum prices. **Sage** was another riser, having reported H1 growth that was in line with expectations except for the Sage Healthcare Division in North America. **Next** led the retail sector higher even after sales fell 3.9% to £738.9m in Q1, with the group cautious about the outlook given the soaring cost of food, fuel, mortgages and taxes. **Unilever** rose as it posted a 7.2% rise in Q1 underlying sales, ahead of forecasts. **Enterprise Inns** fell back following the jump on news it was eligible to convert to a REIT if an internal restructuring of the group was undertaken. Morgan Stanley lowered its recommendation to equal-weight from overweight following the surge. Sector peer **Punch Taverns** moved higher after it said it also was to consider the opportunity of a conversion to REIT status on its merits. The FTSE 100 index is set to open around 30 points lower this morning.

Technically, we have now seen markets move above intermediate resistance in both the US and the UK but there has been a distinct lack of buying volume, which makes us very cautious, and Tuesday night's action on the Dow Jones Index could be pivotal. Although the FTSE 100 index looks fairly strong in the short term, there has also been more volatility which also suggests a potential trend change. Short term trends are still up here, but it is time to increasing short positions, and financials are important given new supply of stock due in this sector in coming weeks.

In the press, EDF is today expected to table an offer for **British Energy** in a move that the UK Government hopes will kick-start development of a new generation of nuclear power stations. EDF and its advisers were said to be finalising details of an all-cash bid pitched between £9.2bn and £10.2bn, though there were doubts that Iberdrola and Germany's RWE, were intending to place bids by today's deadline, reports the Telegraph.

High street banks have put up fees for millions of current account customers after

their High Court defeat over penalty fees for overdraft charges. Monthly fees for packaged accounts at **Lloyds TSB**, **Royal Bank of Scotland** and **NatWest** will rise by up to 20% this month, writes the Independent.

The government may be forced to reveal its planning in the build up to **Northern Rock's** nationalisation after the lender's largest shareholder, hedge fund SRM Global, joined private shareholders yesterday in suing the state for fair compensation, reports the Telegraph.

Gala Coral has held exploratory talks with representatives of Britain's leading racecourses over a potential £300m-plus joint bid for the Tote, the state-owned bookmaker, says the Telegraph.

Citigroup will today identify as much as \$400bn in non-core assets that could be sold as part of plans to reduce costs and restore profit growth to double-digit rates, according to people close to the situation, says the FT.

Home repossession orders are at an all-time high, according to figures to be released by the Ministry of Justice. The Times understands that court figures for Q1 will show that orders have soared with the credit crunch.

Results: Aga Foodservice states that trading is mixed, citing the slowdown in housing transactions.

C&C announces full year EPS of 0.322, down 41.4% but above forecasts, citing the weak market with low consumer confidence and poor weather.

HMV reports 16 week total sales up 11%, with LFL growth of 10.1% and states it sees its full year profit at the upper end of market expectations.

Intertek states that it has made a strong start to the new financial year and is trading in line with management expectations.

Pision states that order intake in the first four months has been strong and expects its H1 results to be in line with its forecasts.

Catfles announces that trading in Q1 has been in line with expectations and looks to 2008 with confidence.

IMI states that its end market have generally remained firm with no discernable change in order momentum in recent months.

Minerva has seen continued good progress across its portfolio although its real estate conditions are more challenging in some areas.

United Business Media announces that it remains confident of its prospects for the full year after a positive start to the year.

Diary: 12:30 US March international trade, -\$61.2bn exp.

CFD Trades for the open

Buy: RIO, ULVR

Sell: RBS