

Market Preview

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Week Ahead: By-election to overshadow busy results week

Markets will have more than half an eye on politics this week with UKIP apparently nailed on to win the Rochester and Strood by-election on Thursday.

"Interestingly though a poll by Lord Ashcroft, whilst estimating a 12% lead for UKIP next week, suggests that the Conservatives would retake the seat in May," notes Investec.

"Indeed the complexities of the political dynamics make it very difficult to assess the likely winner of next year's election with any confidence," the broker adds.

The day before the by-election minutes from the Bank of England's Monetary Policy Committee November meeting are released.

Investec believes the momentum is moving away from policy tightening, but it is still backing one hard-liner will have voted for a rate increase.

On the corporate front, third quarter results from the Pru on Tuesday have a lot of competition for attention.

"Investors will be keen to see if Prudential can keep up the positive momentum in its operating profits, which has been recently led by growth in its US and Asian franchises," opines Sheridan Admans of The Share Centre.

"Investment conditions may have weighted on performance a little at M&G, the group's wealth management operation. However, investors will be interested to see if the company continued to attract strong levels of inflows as it continues to expand operations across Europe.

"Finally, investors will be keen to see what impact the Government rule changes regarding retirees taking an annuity in retirement, is having on future expectations," Admans said.

Also on Tuesday, easyJet releases full-year results that should be decent, given falling fuel prices and the strike action suffered during the year by Air France.

The no-frills airline has guided to pre-tax profits of between £575m and £580m, up from previous guidance of between £535m and £570m.

Shareholders can also look forward to a bumper dividend pay-out.

Alastair McCraig of spread betting firm IG's believes easyJet has managed to charter a path through a turbulent year.

"Over the last twelve months the share price of easyJet has increased by 21.85% but at the current price of £15.45, it is well off its year highs of £18.52," said McCraig.

"As the share sits comfortably above the 50-, 100- and 200-day moving averages and the price of oil, its largest cost, continues to be squeezed momentum should continue to push it higher."

Share Information

MarketTopic Synopsis:

Market Preview is published daily before trading kicks off, giving investors a roundup of macroeconomic and corporate news that is likely to move the markets along with the expected opening level of the major indices.

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Significant announcements expected

Monday

Companies: Interims: Redcentric (LON:RCN), ReNeuron (LON:RENE), Software Radio Technology (LON:SRT), MITIE Group (LON:MTO), Latchways (LON:LTC)

Finals: Diploma (LON:DPLM)

Trading statement: Irish Continental Group (LON:ICGC), Kentz (LON:KENZ), Keller Group (LON:KLR), Bodycote (LON:BOY)

Economic: UK: Rightmove house prices. EU: ECB president's speech.

Tuesday

Companies: Interims: Enteq Upstream (LON:NTQ), Picton Property (LON:PCTN), Prudential (LON:PRU), Sepura (LON:SEPU), McKay Securities (LON:MCKS), Carclo (LON:CAR), Intermediate Capital (LON:UKM), UK Mail (LON:UKM), Entertainment One (LON:ETO), CML Microsystems (LON:CML), Vectura (LON:VEC), Halma (LON:HLMA), Homeserve (LON:HSV), British Land (LON:BLND)

Finals: EasyJet (LON:EZJ)

Trading statement: AMEC (LON:AMEC), Lavendon (LON:LVD), PaddyPower (LON:PAP), Conyar Investment Company (LON:CIC)

Economic: UK: Consumer prices, DCLG house prices, Producer prices. EU: ZEW survey – Economic sentiment. US: Producer prices, NAHB housing market index

Wednesday

Companies: Interims: Telecom Plus (LON:TEP), Afi Development (LON:AFRB), Royal Mail (LON:RMG), Big Yellow Group (LON:BYG), ICAP (LON:IAP), Frutarom Industries (LON:FRUT)

Finals: Optos (LON:OPTS), Avon Rubber (LON:AVON)

Trading Statement: Chesnara (LON:CSN), IFG Group (LON:IFP), Exova Group (LON:EXO), Dialight (LON:DIA)

The following widely held shares are going **ex-dividend** on Wednesday: Carnival

Economic: UK: BoE MPC vote. US: Building permits, FOMC minutes

Thursday

Companies: Interims: Investec (LON:INVR), Johnson Matthey (LON:JMAT), A B Dynamics (LON:ABDP), NewRiver Retail (LON:NRR), Babcock Intl. (LON:BAB), Nord Gold (LON:NORD), QinetiQ Group (LON:QQ.)

Finals: Euromoney Institutional Investor (LON:ERM), Grainger (LON:GRI), UDG Healthcare (LON:UDG)

Trading statement: Close Brothers (LON:CBG), Centrica (LON:CAN)

Economic: UK: Retail sales. EU: Markit PMI. US: Consumer prices, Jobless claims, Markit PMI, CB leading indicators, Existing home sales, Philadelphia Fed manufacturing survey

Friday

Companies: Interims: Alpha Real Trust (LON:ARTL)

Finals: Future (LON:FUTR), Tracsis (LON:TRCS)

Trading statement: Spirax-Sarco Engineering PLC (LON:SPX), Admiral Group PLC (LON: ADM), Tullow Oil PLC (LON: TLW)

Economic: EU: ECB president's speech.

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