MARKET REPORT

Wednesday 13th October 2021

Market Headlines

The UK economy grew by 0.4% in August month-on-month, less than the 0.5% expected with July's figure downgraded to a contraction of 0.1%.

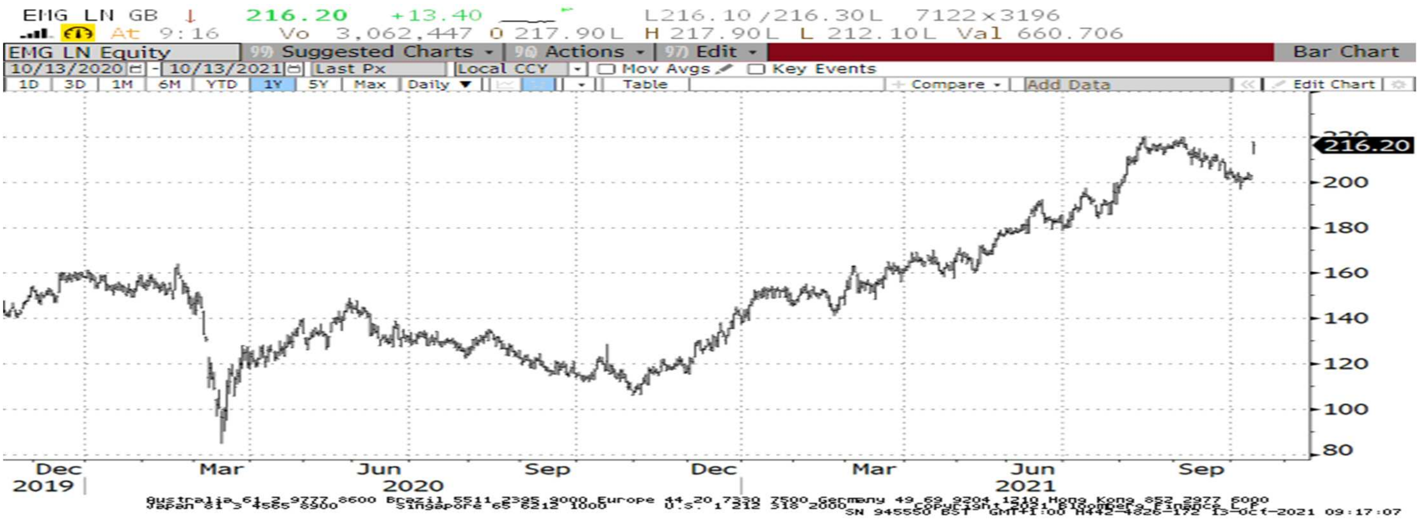
Chinese exports rose 28.1% in September year-on-year, well ahead of the 21.0% predicted, despite power shortages and supply bottlenecks.

German inflation rose 4.1% in September year-on-year, the highest rate since 1993, following the 3.9% increase in August.

The S&P 500 dipped 0.2%, the Nikkei 225 fell 0.3%, the Hang Seng was closed due to a typhoon and the Shanghai Composite closed up 0.4%. European markets were mixed.

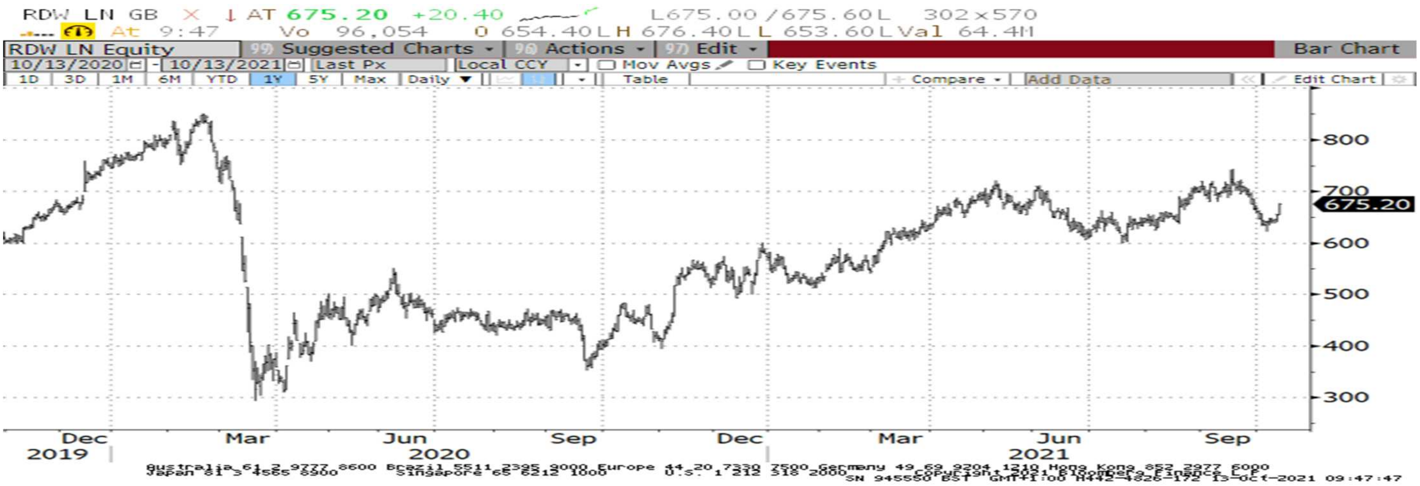
Investments on our buy list

Man Group plc (EMG) – in its third quarter trading statement today the group said that it pulled in $5.3 billion in new cash to lift assets under management to a new record. This was the highest for any quarter in over a decade and beat analysts' forecasts.
The hedge fund firm said assets hit a record of $139.5 billion driven by net inflows of $5.3 billion primarily from the group's alternative strategies and positive investment performance of $0.4 billion.
CEO Luke Ellis commented "Looking forward, we see positive momentum continuing into the fourth quarter, with a high level of client engagement on a number of larger institutional mandates across our systematic long-only and multi-manager strategies."
After a negative year in 2020, hedge funds have seen strong inflows this year as investors seek alternatives to equities and bonds, both of which have experienced increasing headwinds. Man Group offers a well-diversified range of funds and is seen as a market leader. Its shares have performed strongly since the final quarter of 2020 but remain on a modest rating of 8.2x forecast earnings for this year. We believe there is further upside.



Source: Bloomberg

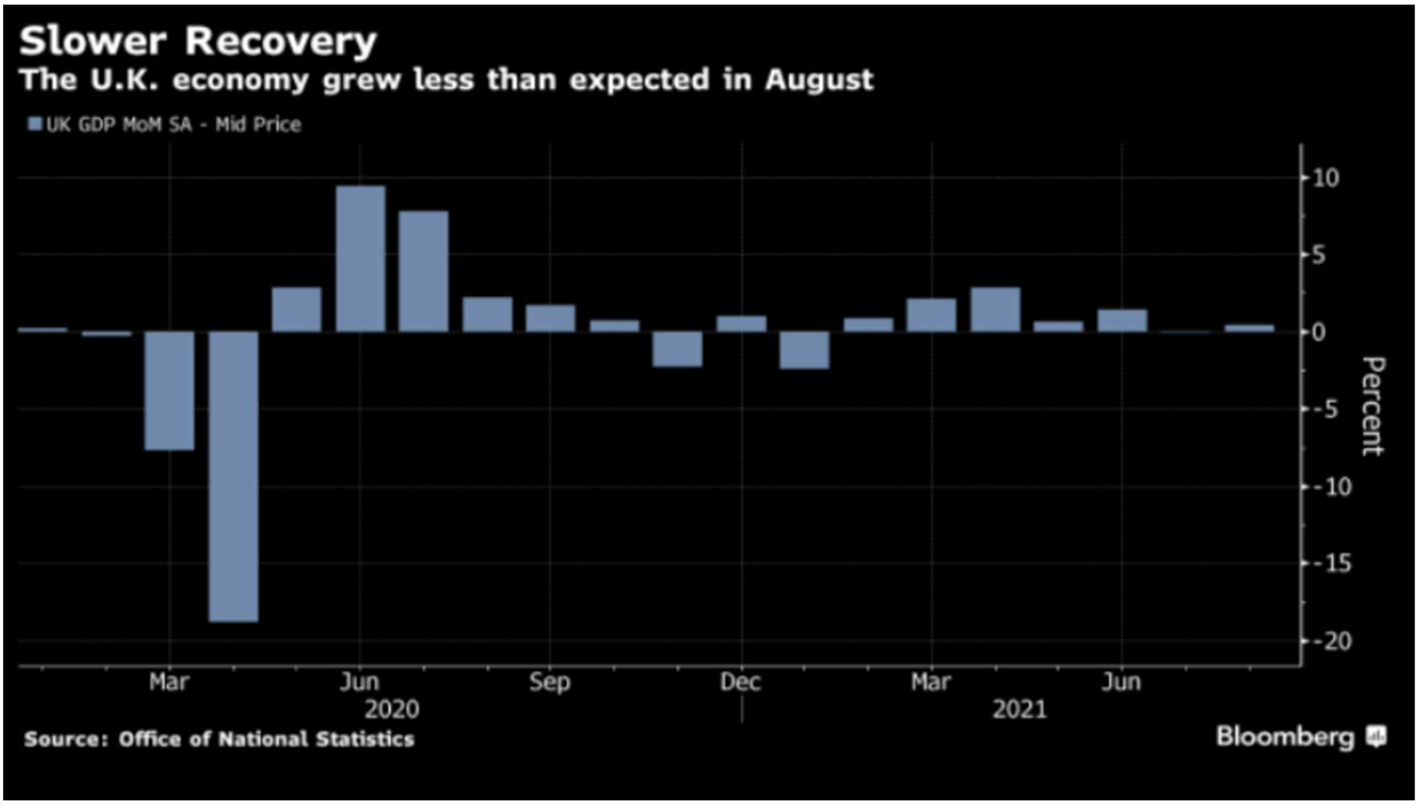
Redrow plc (RDW) – shares are stronger this morning after peer Barratt Developments released a strong trading statement.
Barratt said that total forward sales rose 7.9% at the start of fiscal 2022. It appears that changes to the help-to-buy scheme and the ending of the stamp duty holiday have had little impact on the sales of new homes. Additionally, there was no change in guidance for cost inflation.
The read-across for Redrow is positive. Its share price has declined recently on concerns that sales may slow and cost increases may be difficult to manage. Redrow is likely to provide an update to coincide with its AGM on 12th November. Ahead of that the shares could be dragged higher by the peer group.



Source: Bloomberg

Chart of the day

U.K. economic growth was disappointing in August, adding to evidence that the recovery is being squeezed by supply shortages and a jump in the cost of goods.
GDP rose by 0.4% compared to July, according to the ONS, whilst July's 0.1% rise was revised to a 0.1% decline month-on-month. Output is now unlikely to reach pre-Covid levels this year and the figures may lessen the likelihood of an early rise in interest rates. Growth of more than 2% will be needed in September if the third quarter overall is to expand by 2.1%, as the Bank of England recently predicted.
The ONS said that services grew 0.3% in August, half the pace expected because of weakness in retail sales, healthcare output, and construction. On a brighter note, both manufacturing and industrial production were stronger than expected.



Source: Bloomberg

Recap of yesterday

Derwent London added 0.7% as it announced it had collected 94% of third quarter rents with retail and hospitality trailing with 64% collected.

easyJet fell 3.5% as it said it now expected a full year (to 30 September) pre-tax loss of £1.14-1.18bn (consensus £1.18bn), the relaxation of UK travel rules had released pent up demand as first half fiscal 2022 bookings doubled from last year.

Entain dipped 1.7% as third quarter net gaming revenues grew 4% year-on-year, online up 10%, with all markets except Germany delivering a strong performance . It maintained full year guidance.

Stagecoach fell 1.3% as it said its full year outlook was unchanged with journeys back to 70% of 2019, as merger talks and due diligence with National Express continued.

Telephone: **0151 236 8200** | Fax: **0151 243 3535**
Email: **enquiries@blankstonesington.co.uk** | **www.blankstonesington.co.uk**
