



MARKET REPORT

Friday 5th August 2022

Market Headlines

Shares mixed ahead of important U.S. employment report for July

Non-farm payrolls expected to rise by 250k according to median forecast

Halifax reports U.K. house prices fall for the first time in a year in July as crisis bites

Bailey rejects criticism the BOE acted too slowly on inflation

Investments on our buy list

Home REIT plc (HOME) - announced that it has acquired 199 additional properties located across England for an aggregate purchase price of £85.1 million (including acquisition costs). These acquisitions were funded by the net proceeds raised via the Company's oversubscribed £263 million equity issue in May 2022. The Company has now deployed a total of £170 million (66 per cent.) of the proceeds of the Subsequent Placing, including the tranche of acquisitions announced on 4 July 2022. Each of the properties is immediately income producing and, following these transactions, the blended net initial yield of the Company's portfolio is ahead of expectations. The group said it had an "attractive" c. £300 million acquisition pipeline, from which these purchases were made. We expect further acquisitions in due course and the diverse geographical spread of properties to be maintained. The shares are currently on an upward tack and we remain positive.



Pets at Home (PETS) – we mentioned PETS yesterday ahead of today’s Q1 FY23 trading statement. The report supports our positive stance.

The group said that its performance for the first quarter of fiscal 2023 was strong, marked by revenue growth amid a rising number of customers and levels of retention. The company said revenue for the quarter ended 21 July rose 7.1% to £404.7 million from the same period a year earlier. Retail revenue increased by 6.6%, it said, and added “no change to sales and margin outlook, and we continue to expect full-year group underlying pre-tax profit to be in-line with analyst consensus, which is currently £131 million.”

After the sell-off of the last 12 months the shares are starting to recover but remain 30% below the peak levels of last year.



Source: Bloomberg

Chart of the day

With inflation still dominating the headlines investors are hoping for signs that it may soon be peaking. Rising energy costs have been influential in helping to drive prices in the wider economy higher and the war in Ukraine exacerbated an already tight demand/supply situation.

The U.S. crude benchmark, West Texas Intermediate, rose to over \$120 per barrel at its highest point in June, but with recession talk getting louder its price has now retreated to levels last seen just before Russia invaded Ukraine. U.S. data is showing weaker gasoline usage and rising crude inventories, while OPEC+ agreed a modest supply increase in September although also warning about “severely limited” capacity.



Source: Bloomberg

Recap of yesterday

Bank of England raises rates by most since 1995, warns of long recession

Oil falls below \$90 for the first time since Russia's invasion of Ukraine, as demand slows

European stocks muted as investors mull earnings, BOE rate hike

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

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