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## Citigate Dewe Rogerson

#### **Marianne Barriaux**

The FTSE 100 displayed relative calm after last week's global market turmoil, up 14.5 points at 6078.7, after the US Federal Reserve cut the rate at which it lends to banks on Friday to try to calm market jitters.

The index of 100 leading shares extended gains from Friday, and reached a high of 6,166 during the day, after three days of heavy falls last week. Markets worldwide were also calmer after the Fed's move on Friday, and amidst signs that Ben Bernanke, chairman of the Fed, was willing to take more action to calm nerves if required.

Asian markets closed up earlier in the day, and Wall Street was up at the close of the London markets, although it started losing ground after that.

The big miners were the main winners yesterday, gaining ground after their battering in the past few weeks. **Kazakhmys** was one of the top risers, up 45p at £11.70. **Anglo American**, the world's third largest miner, rose 77p to £26.16. Analysts at Citigroup said that mining stocks were now back at an attractive valuation range, after the UK mining sector fell 27% from its highs in early July. They said: "Given the recent sell-off, we would recommend buying BHP Billiton, Rio Tinto, Vedanta and First Quantum."

**Rio Tinto** accordingly rose 96p to £30.78, and **BHP Billiton** was up 51p at £12.75, also helped by strong expectations of its full year results on Wednesday.

Hedge fund firm **Man Group** rose 5.5p to 464.5p as it continued to recover after last week's fall. **Schroders**, the fund manager, was up 26p at £12.18.

On a different note, **British Energy** topped the list of risers after a positive note by Goldman Sachs. Analysts upgraded the nuclear power firm to buy from neutral, saying that after the first-

### Market forces Investors flock to miners in calmer trading

quarter results, and the recent fall, "the shares now have 28% potential upside to our revised price target of 536p".

They said that despite British Energy having indicated a slight delay to improvements in output at two of its plants, "the rest of the power plants have performed well year to date and the company talked more positively about the prospect for life extensions on these two assets in our view." Shares in the company rose 19.7p to 451.25p.

Property and house building sectors yesterday showed signs of weakness. British Land fell 43p to £11.98, and Land Securities dropped 33p to £17.28, with Persimmon dropping 23p to £12.50.

On the FTSE 250, **Tullow Oil** was one of the top risers, up 20.5p at 450p. Analysts at UBS upgraded the company to neutral from sell.

**Hiscox**, the insurer, saw its first half profit rise 72% to £105..6m despite "a turbulent period of cattastrophes in the UK and Europe". The group's shares rose 16.7p to 280p as a result. Analysts at Numis Securities saiid: "These are excellent results given H1 [first half] catastrophe costs of £555m."

The **London Stock Exchange**, meanwhile, rose 31p to £13.001 as Nasdaq, the US stock market, announced it was exploring the sale of its 31% stake. Nasdaq's attempt to take over the LSE failed five months ago.

Shares in the LSE were up amid speculation that Nasdaq miight sell the entire stake to one organisatiion, which would mean the group would have to make a bid for the LSE.

Workspace Group, the office landlord, gained 6.25p to 3:57p as it showed a good first quarter. The group put its performance down to a "vibrant" London SME market, which was resulting in a high demand for its workspace.

Further down, Raymarine, the boating products specialist, fell 94p to 264p. The group had a good set of first half results, and said earnings for 2007 were in line with expectations. But it warned that it did not expect the outlook for the US to improve in the second half, and added that sales in the US in 2008 could remain flat. This is due to weakness in the US, with the backdrop of global economic uncertainty.

On Aim, Speymill, a property company, rose 2.25p to 87.5p as it announced a joint venture to build retirement village communities in Britain. The group signed the deal with US company Goodman, a specialist in the sector, and each party has contributed £25,000 to the joint venture. According to Savills, the estate agent, the population of retired people is expected to grow by 20% to 11.2 million in the UK by 2016, and the population of people over 80 is predicted to increase by 30% to 1.5 million.

**Chi-Med**, the pharmaceutical group backed by Hong Kong conglomerate Hutchison Whampoa, rose 6p to 167.5p after it announced a significant drug discovery and development agreement with US drug group Eli Lilly. The Aimquoted firm will receive an upfront payment and annual R&D fees from Lilly, as well as milestone payments of up to \$29m per candidate, and royalties on global sales of commercialised products.

And finally, shares in **Vividas Group**, the video streaming technology company, were up 4p at 66.5p after it announced it had reached a three-year agreement with Fox Soccer Channel to stream Barclays Premier League matches in America.

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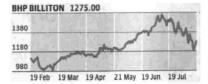
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### **Smoke screening**

Citigroup has warned that worsened financing conditions for the acquisition of Spain's Altadis by Imperial Tobacco could cut earnings per share (EPS) at the latter by 5%. Shares in the British cigarette manufacturer fell 22p to £21.38 yesterday amid concerns that the recent credit crunch could affect earnings at the group. Citigroup analysts said Imperial's earnings outlook was "materially affected" by the crunch. They said Imperial's EPS depends on the size of the rights issue that will be used to pay for most of Altadis. This, in turn, depended on how conservative ratings agencies were next year, the price for which it could sell Logista - the Spanish logistics company in which it has a 59% stake - and the Imperial share price at the time of the rights issue.



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