Beat: Business

FTSE drops on big ex-dividend day; TUI down after update

BUSINESS NEWS

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USPA NEWS - Britain´s top share index fell on Thursday as several heavyweight stocks went ex-dividend, while disappointing earnings sent travel operator TUI down sharply.

The FTSE 100 .FTSE fell 0.5 percent, recovering partly from bigger morning falls when fresh U.S. sanctions on commodities giant Russia dampened sentiment.
Washington said on Wednesday it would impose fresh sanctions on Russia by the end of August, after determining that Moscow had used a nerve agent against former Russian spy Sergei Skripal and his daughter in Salisbury, England.

Oil majors BP (BP.L) and Shell (RDSa.AS) and miner Rio Tinto (RIO.L), who traded ex-dividend, fell 2.1, 1.7 percent, and 1.8 percent, respectively.
Elsewhere, earnings continued to drive the day

TUI (TUIT.L) shares fell as much as 9.7 percent after its quarterly results disappointed investors. The tourism group blamed a summer heatwave for keeping Europeans at home instead of traveling.

Profitability in the tour operator segment fell, driven by weaker performance in the UK.

“The GBP devaluation and weather impact has been well flagged, but commentary regarding a shortening of average duration of holidays is new,“ said Barclays analysts.

Its shares recovered during the session to end down 2.5 percent.

Shares in defence company G4S (GFS.L) fell 7.8 percent, suffering its biggest one-day fall since March 2016, after first-half earnings missed company-compiled expectations, partly due to weaker margins in its Cash Solutions business.

“Attack-related higher operating costs in Africa (following several attacks on cash-in-transit vehicles in South Africa) and investment in business development weighed on profitability,“ said Goldman Sachs analysts.

Also on the mid-cap FTSE 250 index .FTMC, card retailer Card Factory (CARDC.L) fell 10.8 percent after becoming the latest UK retailer to report fewer customers visiting its stores.

“The main culprit seems to have been lower high street footfall as a result of weather and World Cup,“ said UBS analysts.

Cinema company Cineworld (CINE.L) topped the FTSE 250 with a 10.7 percent gain after it reported a rise in half-year revenue thanks to big-ticket superhero movie releases.

Overall, earnings have helped the FTSE 100, with analysts raising their estimates during the season.

The FTSE 100 has remained resilient to mounting fears the UK may be heading for a no-deal Brexit, driving sterling to its lowest against the dollar and euro in almost a year. FTSE 100 constituents mostly benefit from a weaker currency.

“If the hard Brexit becomes more of a reality, there might be an effect, but at the moment most people think it´s a bit of a Mexican standoff,“ said Paul Mumford, portfolio manager at Cavendish Asset Management.

Stocks going ex-dividend, including Barclays, BT, BP, Royal Dutch Shell, Rio Tinto, and Standard Chartered, took 39 points off the FTSE 100.

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