

Market Roundup

The FTSE 100 got off to a poor start on Monday, finishing the session down over 0.8%. Companies in the Mining sector were among the largest losers, as falling metals prices weighed on performance. Gold was particularly notable, with the precious metal's price dropping 2.1% over the session. Other sectors lower on the day included food retailers Sainsburys, Morrison and Tesco, which were all out of favour as supermarket Lidl announced plans to double the number of stores in the UK. This came on the same day as broker downgrades to Tesco, with analysts questioning its longer term pricing strategy.

UK indices continued to trend downward on Tuesday, despite some better than expected construction data. The UK PMI for construction came in well ahead of expectations, pushing to a six year high of 62.6 in October, well ahead of expectations of 59. Miners continued to underperform, as several fell victim to downgrades and Antofagasta, Aquarius Platinum, Fresnillo, Hochschild Mining, Kazakhmys, Lonmin and Rio Tinto were all trading down heavily during the session. Heading in the other direction was high street retailer Next. The company was in demand following a report from the British Retailer Consortium that clothing retailers had performed well in November. This, alongside broker upgrades, saw the company's shares up over 2.5% by midday.

The FTSE closed down again on Wednesday, impacted by rising yields in both the US and the UK. Moving higher though was accounting software company Sage. The company finished the day over 7% higher, on the back of a rising dividend and better than expected growth numbers. On the other side of the movers was Standard Chartered, which fell heavily after saying a "challenging year" had resulted in a "significant impact" on its performance in the second half.

The FTSE 100 closed at an eight week low on Thursday, with market participants wary ahead of Friday's employment report. Tesco continued to move down, finishing the day 2% lower, after a disappointing set of third quarter results the day before.

Company focus: Greene King

Pub operator Greene King released interim results on Tuesday that showed total revenues were up 2% and total operating profit up 3.7% for the period. The company cited good summer weather as key to the results, with CEO Roobey Anand commenting that "this is a very pleasing set of figures and we have made great progress in the first half of this financial year". As part of the results, the company announced an increase of 6.3% in the company's dividend, to 7.6p per share.

Chart 1: The FTSE100 saw a sharp downturn this week, hitting eight week lows



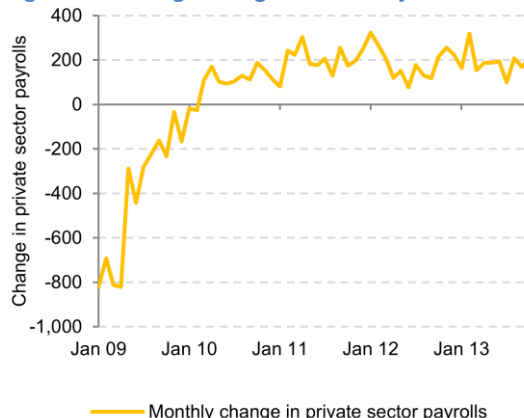
Source: Brewin Dolphin, DataStream

Chart 2: US 10 year benchmark yields ticked upward this week over tapering concerns



Source: Brewin Dolphin, DataStream

Chart 3: US employment data is continues to show signs of a strengthening US economy



Source: Brewin Dolphin, DataStream

Economic Outlook

The US economy added 203,000 jobs in November, supporting recent indications that the strength of the US economy is improving. October's jobs report also surprised the market, coming in strongly ahead of expectations and the average rate of job increases in the last three months now stands at 193,000. However, the flip side of a strengthening economy is that it increases the chance of the Fed beginning the tapering process sooner rather than later.

The UK market was up following the news release on Friday but this follows a week where the FTSE 100 has hit two month lows. Most of this move downward has been on the back of an expectation for stronger data, so the positive reaction to the news may suggest investors had already priced in the increased potential for tapering at the next FOMC meeting. Bond yields reflect this change in expectations and the 10 year treasury yield now stands at its strongest level in nearly three months.

Despite the distinct improvement in data, the consensus among observers still appears to be toward a January taper announcement. Inflation remains stubbornly low and there is an outstanding decision to be made by the US government over the budget deficit. Should an agreement on the latter be reached, a January taper now seems likely.

Company announcements that caught our attention this week

Date	Company	Comment
4 th December	Tesco	The company reported third quarter sales that were in line with lowered consensus expectations. Like-for-like sales were down by 1.5% in the third quarter as the grocery market became "more challenging" after the summer.
4 th December	Sage	Full year results were in line with consensus on the revenue line but stronger in terms of EPS.
4 th December	Standard Chartered	A pre close IMS stated that the difficult market conditions that begun in August have continued into the second half of the year.
5 th December	Phoenix Group	TDR Capital started an accelerated book build to sell 22m shares (c. 10%) in life insurer Phoenix Group at 660p per share.
6 th December	Berkeley Group	The company issued interim results which showed an in line increase in pre-tax profits but a surprising increase of the dividend, to 90p per share.

Key Company Diary Dates

11/12/2013	Carillion	Q4 Sales	12/12/2013	Sports Direct	First Half Results
11/12/2013	Stagecoach	First Half Results	12/12/2013	Go Ahead Group	Q2 Sales
11/12/2013	Imagination Technology	First Half Results	13/12/2013	Bellway	Q1 Results

Economic highlights over the next week

Date	Indicator	Comment
9 th December	China: CPI	Headline CPI is expected to have dipped slightly to 3.1% in November from an eight month high in October.
10 th December	UK: Industrial Production	Manufacturing is expected to have continued growing in October, given the recent strength of the PMI survey.
12 th December	US: Retail Sales	Retail sales are expected to have risen by 0.4% month on month, driven by stronger auto sales/.

Index Movements*

Index	Value	%Change
FTSE 100	6,498.33	-2.35%
FTSE 250	15,157.70	-1.78%
AIM	821.39	-0.06%
Dow Jones	15,821.51	-1.71%
S&P 500	1,785.03	-1.23%
Hana Sena	23,712.57	-0.32%
Nikkei 225	15,177.49	-3.49%

Currency Movements*

Index	Value	%Change
£:\$	1.63	-0.16%
£:€	1.20	-0.57%
£:¥	166.55	-0.32%

Best & Worst performing sectors (rel. to FTSE 350)*

Index	%Change
Chemicals	3.31%
Healthcare	1.89%
Technology	1.70%
Construction & Materials	-3.87%
Auto's & Parts	-2.13%
Insurance	-1.70%

Best & Worst performing stocks*

Index	%Change
Sage Group	5.87%
Smith & Nephew	3.58%
Tullow Oil	2.49%
Fresnillo	-11.37%
Petrofac	-8.43%
Standard Chartered	-8.21%

*Weekly movements up until close of business Thursday

Important Notes:

Main source of information: Company Report and Accounts, Bloomberg

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