FTSE 100 Live: Index surges as US retail sales surge; GDP up but productivity falls; Admiral soars

Proactive Investors (UK)
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Body

- FTSE 100 up 66 points to 8,347
- UK economy grows in second quarter
- US boosted by strong retail sales and easing unemployment

17.30pm: FTSE 100 closes higher

The FTSE 100 closed 66 points higher at 8,347 on Thursday, bolstered by a stellar performance from Admiral Group plc.

2.55pm: FTSE 100 rises further

The FTSE 100 struck an intraday high of 8,364 in mid-afternoon trades, bringing the blue-chip index over 80 points higher from yesterday's close.

Admiral Group plc remains by far the top performer with an 8.6% gain following a knock-out set of results.

2.36pm: Starbucks signs one of largest exec deals in corporate history

Across the pond, Starbucks Corp (NASDAQ:SBUX, ETR:SRB)'s new boss Brian Niccol is set to receive a sign-on pay package worth up to $113.2 million, one of the largest such deals in corporate history, and four times the amount given to his predecessor, Laxman Narasimhan.

Formerly chief executive at Chipotle, Niccol takes over the Seattle-based coffee chain on 9 September and will work remotely from his home in Newport Beach, California.

Starbucks has agreed to set him up in an office, provide a local assistant and give him access to the company's plane to travel to Seattle.

The $113.2 million package includes a $10 million sign-on bonus, $75 million in stock options to compensate for shares he will forfeit from Chipotle, and an annual salary of $1.6 million.

2.03pm: *Orsted* delays US windfarm project

Orseted, the Danish energy company, has been forced to delay its project off the north-east coast of the US, months after it began a restructuring that paved the way to hundreds of job cuts and two project cancellations.

Operations at the Revolution Wind project off the coast of Connecticut and Rhode Island have been delayed an extra year, with completion now expected in 2026.

Orsted, which is developing the largest offshore wind farm in the North Sea, said the decision, along with the choice to scrap two projects off the New Jersey coast, would lead to a US$472 million hit.

Boss Richard Hunter and finance chief Daniel Lerup walked away from the company days after they revealed the hit, claiming the business required "new and different capabilities".

Back in February, the firm said it would slash up to 800 jobs, while moving away from operations in Spain, Portugal and Norway.

1.40pm: US lifted by retail sales beat and unemployment dip

Wall Street is on track to lift higher at the open after it was handed a boost from some fresh macroeconomic data.

All three of the main indexes are set to begin the session in the green, with the Dow Jones up around 150 points.

The FTSE 100 surged close to 30 points in reaction.

Hopes of a US rate cut have been handed a welcomed boost after it was revealed retail sales had soared ahead of expectations in July, while unemployment in August also improved.

Today's readings will offer the Federal Reserve a rosier picture of the US economy, potentially increasing the chances of an interest rate cut at the central bank's next meeting in September.

Retail sales in the world's largest economy rose by 2.7% year-on-year, smashing estimates of a 1.8% rise, while month-on-month revenues lifted by 1%, better than the 0.2% increase forecast by Wall Street.

Initial jobless claims for the week of August 10 also improved on analysts' predictions, after it reached 227,000, lower than the 239,000 guidance.

1.18pm: Fashion brands hit by Bangladesh riots

International fashion brands are diverting orders away from Bangladesh following the turmoil that led to the fall of Prime Minister Sheikh Hasina.

The political unrest in Bangladesh, the world's second-largest garment exporter, has caused significant disruptions in the country's manufacturing sector, affecting global supply chains.

The chaos began after Sheikh Hasina's government cracked down on student protesters, leading to widespread violence that resulted in an estimated 500 deaths.

The unrest led to the closure of factories across the country, many of which were targeted in retaliatory attacks.

Factories supplying global brands such as H&M and Zara were among those torched.

12.57pm: Vodafone merger needed, Three CFO says

Three UK's chief financial has claimed its proposed tie-up with Vodafone Group PLC is needed after the company reported a £30 million interim operating loss.

Highlighting reduced capital expenditure over the first six months of the year, Three UK chief financial officer Darren Purkis warned the merger was the only way for the company to ramp up investment.

This comes after the proposed £15 billion deal, which would see the UK's third and fourth largest mobile networks merge, has faced regulatory scrutiny.

"We are having to reduce our capex due to the financial constraints and we've continued to make a loss as a result of the increased cost base," Purkis said after the results.

"The only viable way for us to invest in a network is through the proposed merger with Vodafone that would unlock £11 billion of investment"... *Read more*

12.25pm: US stocks seen higher ahead of retail sales figures

US stocks looked to be heading for a positive start on Thursday, as investors awaited the latest insight into US economic health in retail sales figures for July.

Futures had the Dow Jones ticking up 0.2% ahead of Thursday's open, while the Nasdaq and S&P 500 looked to each add 0.1%.

Retail sales figures for July are set to offer the latest picture on the health of the economy, after weak jobs figures sent global shares spiralling earlier this month.

Concerns had emerged that the US economy was heading for recession, prompting questions over whether the Federal Reserve had put off cutting interest for too long.

Expectations are for sales to have climbed by 0.3% in July, with weekly initial jobless claims data also due. Analysts are forecasting these to tick up from 233,000 to 235,000.

An update from *Walmart Inc (NYSE:WMT, ETR:WMT)* is also due on Thursday, with AJ Bell analyst Danni Hewson noting this and retail figures "will tell the market plenty about the state of US consumer demand and whether recent fears over recession have much credence to them".

12.05pm: Rolls-Royce wins contract for Royal Navy frigate systems

Rolls-Royce Holdings PLC (LSE:RR.) will supply handling systems for the Royal Navy's next batch of frigates under a new contract with *BAE Systems PLC (LSE:BA.)*.

This will see five Mission Bay Handling Systems built for the navy's Type 26 City-class frigates in Peterborough, Ontario, taking the total order to eight units.

Such systems replace the need for dockside cranes, according to Rolls-Royce, offering a hydraulic boom which can deploy and retrieve small vessels from the frigates.

"This is a huge win for Rolls-Royce in Canada," Rolls-Royce programme executive Jessica Banks said, "our [...] system is perfectly designed for modern naval operations".

Rolls-Royce added the new orders would help create skilled jobs, increasing the workforce in Ontario by 10%.

11.54am: *Ørsted* slumps as US wind projects delayed

Danish energy firm ***Ørsted*** fell over 7% on Thursday morning after booking 3.2 billion krone (£370 million) in impairment losses over the second quarter on delayed projects in the US.

Delays saw the company push back the opening date of its major offshore wind project off the coasts of Connecticut and Rhode Island states.

Ørsted added it had taken hits on its US its Ocean Wind project, which was halted last year, alongside the ditched Swedish-based green e-methanol FlagshipOne project.

"Despite encouraging progress on our US offshore wind project Revolution Wind, the construction of the onshore substation for the project has been delayed," chief executive Mads Nipper said.

"This means that we have pushed the commercial operation date from 2025 into 2026, which led to an impairment."

11.28am: Fall in productivity prompts analyst concern

Productivity fell over the second quarter, despite UK GDP ticking up 0.6%, prompting warnings that sustained growth may be a challenge.

ONS data on Thursday showed productivity declined by 0.1% over the three months to June compared to a year earlier, as "hours worked increased more than gross value added".

Hailey Low, National Institute of Economic and Social Research economist, warned the slowdown could hinder long-term targets, after Britain's new Labour government set aims to secure the highest sustained growth across the G7.

"Persistent challenges such as low productivity growth, strained public finances, and inadequate infrastructures have acted as barriers to achieving sustained growth," she said.

This comes as Britain already grapples with an increasing rate of economic inactivity, with figures earlier in the week showing 9.5 million people work out of and not looking for work... *Read more*

10.56am: September rate cut 'further justified' by June GDP slowdown - analyst

While UK GDP ticked up 0.6% over the second quarter, flat growth in June could tempt the Bank of England into a second successive interest rate cut next month, analysts say.

Sam North, analyst at eToro, noted flat growth in June might "initially raise concerns".

"However," he said, "this could actually provide the Bank of England with further justification to consider cutting interest rates next month".

Markets are split over when the Bank of England will next cut interest rates, with analysts noting two further cuts this year were likely after a soft inflation reading on Wednesday.

Further data is due before the Monetary Policy Committee's next meeting on September 19 though, leaving the timing of the next cut, from 5% currently, up in the air.

9.58am: UK showing brighter prospects - analysts

Analysts say prospects in the UK are looking up after GDP data on Thursday showed the economy grew by 0.6% over the second quarter.

Deutsche Bank analysts noted the near-term economic outlook had improved on the figures, which came after a 0.7% increase in GDP during the first quarter.

"The good news is that this should lift the overall size of the economy, leaving the chancellor with a slightly better near-term outlook than what the Office for Budget Responsibility presented in March," Deutsche said.

"For the Bank of England, the slightly lower growth rate should leave the door open to further rate cuts - particularly given yesterday's weaker inflation data."

Investec echoed the view, adding: "The political landscape is more stable than some of the UK's allies, economic activity is much stronger relative to this point last year and the monetary policy easing cycle has commenced.

"When it comes to the UK, the sun appears to be breaking through the storm clouds."

Deutsche warned growth over the second half of the year would likely be slower though, given GDP flatlined in June.

The bank predicted the economy to grow by 1.2% in 2024, stretching to 1.6% over the next two years.

9.37am: Rail dispute end looms as train drivers offered pay rise

Train drivers have been offered a 14% pay rise by ministers in a bid to end more than two years of strikes on the railways.

Transport secretary Louise Haigh unveiled the above-inflation three-year offer on Wednesday, which would take drivers' average salaries from £60,000 to near £70,000.

Union Aslef said it had agreed to the deal with the Department for Transport, with a vote now set to be put to drivers.

Were this passed, it would bring an end to the long-running dispute between drivers and 16 rail operators, which began in July 2022.

Drivers have walked out on 18 separate days during the dispute, causing delays and cancellations across the railway network.

"The offer is a good offer - a fair offer - and it is what we have always asked for," Aslef general secretary Mick Whelan commented, adding members would be recommended to approve the deal.

9.23am: London casino rebound lifts Rank Group

Mecca Bingo owner Rank Group PLC gained over 5% on Thursday after reporting a return to profit on a rebound across its London casinos over the year to June.

Group operating profit came in at £29.4 million for the year, the casino and bingo firm said, as net gaming revenue ticked up 8% to £734.7 million.

This was driven by increased revenues across its Grosvenor casino sites, with those in London recording a 10% jump in turnover.

Rank also it would reinstate dividend payments on the improved figures, with 0.85p per share being recommended for the year just gone.

Shares climbed 5.7% to 73.98p... *Read more*

8.59am: Government grants £13.5mln for Tata Steel workers and suppliers

Some £13.5 million in public funding will be paid out to workers and suppliers affected by the closure of two blast furnaces at Tata Steel's Port Talbot site.

This will be the first payment from a £100 million fund to aid those hit by Tata's restructuring, which is set to cost 2,800 jobs.

Welsh secretary Jo Stevens announced the funding on Thursday, commenting "this government will not wait for a crisis to overtake us before acting".

Tata closed the first of the two blast furnaces last month, with the second set to be shut down in September.

This is as the company looks to install greener electric furnaces next year, with the previous government pledging £500 million to support the plan.

Stevens added government negotiations over job losses would continue separately, with funding set to support suppliers in finding new markets and help redundant workers.

8.41am: UK grows third-fastest in the G7

GDP data on Thursday showed the UK economy grew third-fastest among G7 nations during the second quarter.

This was after Japan and the US, which saw growth of 0.8% and 0.7% over the three months to June respectively against the UK's 0.6%.

Britain's new Labour government has set targets for the UK to secure the highest sustained growth across the G7 after coming into power last month.

Chancellor Rachel Reeves commented: "We have made economic growth our national mission and we are taking the tough decisions now to fix the foundations," following the GDP figures on Thursday.

Based on the ONS data, Britain sat ahead of Canada, France, Italy and Germany in terms of growth over the second quarter.

This is as Canadian GDP was estimated to have climbed 0.5%, while the French and Italian economies expanded by 0.3% and 0.2% respectively as Germany contracted.

8.21am: Admiral jumps, FTSE 100 in green

Admiral Group PLC jumped over 9% as trading got underway on Thursday, after hiking its dividend 39% on the back of profit and customer growth.

Shares ticked up 9.1% following the UK insurance firm's interim report, to 3,066p... *Read more*

IG analyst Chris Beauchamp noted "the good times are back for insurers it seems, and for their investors too," after rival *Aviva PLC (LSE:AV.)* also reported an uptick in profit on Wednesday.

He added: "While another UK rate cut isn't on the cards yet, a gradual decline in income from interest rates will keep the sector on investors' radars."

Aviva PLC (LSE:AV.) and *Beazley PLC (LSE:BEZ)* also gained early on following Admiral's report.

Overall, the FTSE 100 enjoyed a positive start as ONS data showed UK GDP increased by 0.6% over the second quarter, with the index adding 7 points to reach 8,288.

8.07am: Sterling climbs on GDP growth

The pound got a boost after official data on Thursday showed the UK economy grew by 0.6% over the second quarter of the year.

Against the dollar, sterling was up 0.1% at US$1.285 on Thursday morning. It strengthened against the euro too, by 0.1% to 85.7p.

The data from the ONS had shown UK GDP climbed 0.6% over the three months to June, after a 0.7% rise in the first quarter of the year.

PwC economist Jake Finney noted the figures may have confirmed that the UK economy had now turned a corner, following negative growth over the second half of last year.

"There is good reason to expect that the second half of 2024 will be strong too, given that wages are growing in real terms and the Bank of England has started to loosen monetary policy," he said.

7.56am: Admiral ups dividend on better profit and customer numbers

Admiral Group PLC has hiked its interim dividend from 51p to 71p per share on stronger profits over the first half of the year.

Group pre-tax profit climbed 32% to £309.8 million over the six months to June, the UK-based insurer announced on Wednesday, on the back of a 43% uptick in revenue to 3.21 billion.

This was as group customers ticked up 12% to 10.53 million, with Admiral having faced a drop in recent years after hiking premiums ahead of peers.

According to the group, the increase was driven by its UK motor insurance segment, which saw a record 5.5 million vehicles on its coverage... *Read more*

7.32am: GDP stagnated in June

Digging into today's GDP data, the ONS figures show the economy is estimated to have stagnated in June.

The unrevised figures also reiterated that April saw no growth, while GDP ticked up by 0.4% in May.

Confederation of British Industry economist Ben Jones commented: "After a strong performance in May, a slowdown in GDP growth was always on the cards for June.

"But a second successive quarter of above-trend growth suggests the UK economy has finally shaken off its slumber of recent years.

"We think the quarterly data probably overstates the underlying momentum in the economy, with recent CBI surveys of activity remaining fairly subdued. But firms nonetheless appear confident that the recovery will continue."

7.22am: UK economy grows in second quarter

Office for National Statistics data on Thursday morning confirmed the UK economy grew over the second quarter.

GDP expanded by 0.6% during the three months to June, following a 0.7% rise during the second quarter.

This was as the service sector grew 0.8%, offsetting declines across the production and construction industries.

Compared to a year earlier, real GDP is estimated to have climbed 0.9%, according to the ONS.

7.16am: FTSE 100 set for positive start

London's blue chips were seen higher on Thursday morning, set to build on Wednesday's 45-point gain as inflation data from both the UK and US refrained from dealing any blows.

Attention turned to GDP on Thursday, with preliminary Office for National Statistics data showing the UK economy expanded by 0.6% over the three months to June.

This was after a 0.7% uptick seen over the first quarter, with growth across the service sector offsetting declines in both construction and production.

Asian markets saw a mixed performance overnight, with both Japan's Nikkei 225 and India's Nifty Fifty racking up slight gains.

In London, Admiral Group PLC is due to report on Thursday morning, before retail sales figures come out in the US, alongside *Walmart Inc (NYSE:WMT, ETR:WMT)*'s latest update.

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