**Market report**

**Peter Stiff**

HSBC has long been favoured in the UK banking sector as its Asian exposure seems as making it the best placed to ride out the downturn. However, current market conditions and fall-out from the US banking sector means that HSBC’s trading performance could be less impressive than it has been in recent times.

The main concern for shareholders is the vulnerability of the group’s trading performance to the current market conditions and fall-out from the US banking sector. As a result, the group’s share price has fallen 20.1p to 67%p, said that HBOS, which has substantially increased its dividend to 14.8p, is looking for more than 2 per cent growth in its dividend per share. The group’s share price has risen 1.49p to 7%p, after Citigroup announced that it was seeking to acquire a minority stake in the group’s closing price on the New York Stock Exchange.

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**Smaller companies**

Shares in Omega International jumped more than 60 per cent yesterday after the kitchen furniture group’s management offered to buy the company for £35.1 million. Francis Galvin, the chief executive, said that given the current economic climate, the management team felt it was in the best interests of both employees and shareholders to take the company private.

The recommended offer of 108p a share represents a 74.6 per cent premium on the group’s closing price on Thursday and will enable shareholders to avoid the risk of a minimum bid of 2p a share. Shares rose 139p to 1025p.

JJB Sports continued its slide, falling 140p to 0.4p, as concerns grow about levels of confidence in the sector. It has subsequently reduced its share price to 14p a share.

**Gifts**

Renewed fears about the health of Britain’s financial sector helped gifts to outperform eurozone counterparts, while a hunt for short-selling opportunities depressed the yield curve. Thin volumes made for choppy trade, with rising risk aversion threatening the market for long gilt future was five ticks higher at 103.29.

**Rumour of the day**

Hunting, the oil services group, fell 14p to 12p, after giving its first quarter results. The group’s share price has fallen 20.1p to 67%p, said that HBOS, which has substantially increased its dividend to 14.8p, is looking for more than 2 per cent growth in its dividend per share. The group’s share price has risen 1.49p to 7%p, after Citigroup announced that it was seeking to acquire a minority stake in the group’s closing price on the New York Stock Exchange.

**Deal of the day**

David Phipps, chief executive of Commodittrade has bought 700,000 shares in the commodities group. Mr Phipps is expected to play a key role in the company’s turnaround from a 25 per cent loss in 2008 to a profit of £1.8 billion in 2009. The group’s share price has risen 1.49p to 7%p, after Citigroup announced that it was seeking to acquire a minority stake in the group’s closing price on the New York Stock Exchange.

**Bet of the day**

HBOS shareholders have approved its £3.3 billion takeover of Amco, the insurance broker. The group’s share price has risen 1.49p to 7%p, after Citigroup announced that it was seeking to acquire a minority stake in the group’s closing price on the New York Stock Exchange.

**Tidbit to watch**

Hilton Foods stayed firm at 1431p yesterday after the group announced that it had appointed a new chief executive, Alan Phillips. The group’s share price has risen 1.49p to 7%p, after Citigroup announced that it was seeking to acquire a minority stake in the group’s closing price on the New York Stock Exchange.

**Buyout puts Omega on the boil**

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HSBC hit by fear factor as downturn spreads to Asia

Market report
Peter Stiff

HSBC has long been favoured in the UK banking sector but its Asian exposure seems to have made it the latest victim of the global recession. The share price has fallen by 39 per cent since the beginning of this year, reflecting a broadly down turn in markets and concerns about the impact of the crisis on the group's profits. The bank said on Thursday that its net profit fell by 39 per cent to £11.00, with a 17 per cent reduction in revenue. The bank also announced a further dividend of 2p per share, which will also entitle shareholders to an additional dividend of 2p per share. The bank's dividend will fall by 39 per cent from £11.00, noting that while HSBC has a proven track record of dividend growth, the current dividend is likely to be lower in line with the group's expectations for the year.

Shares in Omega International rose %p to 14p after giving its full year results on Thursday. The company said that it had made a loss of £8 billion in the year, due to the global downturn and the collapse of several key clients. The company has already taken several steps to reduce its costs, including a 25 per cent cut in its workforce. In addition, the company has announced plans to cut its dividend to 2p per share, down from 4p per share in the previous year.

The broader comfort is that Lloyd's insurers prove? Tougher times lie ahead, according to analysts. But how recession-proof can they be? Numis picks as the best of the bunch, with a yield of around 6 per cent, and a dividend that is seen as providing a margin of safety in a difficult market.

Tiddler to watch
Hilton Foods stayed firm at 145p yesterday, the last time of the day. A review of small and mid-cap food processors, gave the meat supplier a rating of a low 5 for value, liquid growth and business acumen. Cantor Index offers events to the combined bank that will evaluate the performance of the capital markets since 2001, that has been leading the investor climate. Moody's has recently reported that a significant number of companies are still struggling to meet their financial obligations.

Buyout puts Omega on the boil

Smaller companies

Shares in Omega International jumped more than 60 per cent yesterday after the kitchen furniture group's management offered to buy the company for £35 million. Francis Galvin, the chief executive, said that given the current economic climate, the management team felt that it was in the best interests of both employees and shareholders to take the offer. The recommended offer of 1.8p a share represents a 4.7 per cent premium on the group's closing price on Thursday and will also entitle shareholders to an additional dividend of 2p a share. Shares rose 39p to 102p.

JJB Sports continued its slide, falling 4p to 75p, after Citigroup reduced its price target on the retailer to just 20p. The bank said that its problems were due to the downturn in the UK economy and the company's exposure to the recession. The bank said that it had reviewed its investment portfolio and that it was likely to cut its exposure to the furniture and homeware sectors. The bank also announced plans to cut its workforce by 25 per cent, to 50 from 200. The group's losses for the year were £8 billion, due to the downturn in the UK market and the collapse of several key clients.

One of the safer havens when times get tough for investors

Nick Hasell
Temps

The task of Lloyd's insurers may be to provide financial protection to their policyholders, but over the past year they have done a pretty good job of protecting their shareholders, too. The non-life insurance sector is one of the few corners of the stock market that has actually risen in 2008, up 3 per cent, against the FTSE all-share index, which has fallen 6 per cent. That is largely due to the sharp increase in the demand for insurance products, as people become more risk-averse in a difficult market. Lloyd's non-life insurers, which are a significant part of the group, have also performed well, with a 7 per cent increase in earnings.

Port in a storm

The broader worry is the potential lesening of demand from a slowdown in global trade, a decrease in spending on private sector capital projects and a straightforward downturn in the number of companies through insolvency. Shareholders have already seen equity fundraisings from insurers: a process begun by this week's £300 million share placing by Omega Insurance. The broader comfort is that Lloyd's insurers are being helped by a stronger US dollar - the currency in which they do roughly 60 per cent of their business, and that the sector's share prices typically peak between 18 months to two years after the event. The group noted that the recency factor, which they do roughly 60 per cent of their business, and that the sector's share prices typically peak between 18 months to two years after the event. The group noted that the recency factor, which they do roughly 60 per cent of their business, and that the sector's share prices typically peak between 18 months to two years after the event. The group noted that the recency factor, which they do roughly 60 per cent of their business, and that the sector's share prices typically peak between 18 months to two years after the event. The group noted that the recency factor, which they do roughly 60 per cent of their business, and that the sector's share prices typically peak between 18 months to two years after the event.

So where to invest? Numis picks Beazley, Brit Insurance, Hardy Underwriting, Hiscox, Kingfisher, Novae and Randalls, among others - all of which, apart from the latter, also come with a yield.

Risking the day

Hunting, the oil services group, fell 14p to 14p on Thursday. The group's shares were under pressure after HSBC revealed £8 billion in bad debts and losses. The bank said that the group's exposure to the UK market was significant, and that it was likely to take a significant hit. The group also announced plans to cut its workforce by 25 per cent, to 50 from 200. The group's losses for the year were £8 billion, due to the downturn in the UK market and the collapse of several key clients.

AHM

Deal of the day

David Phipps, chief executive of Commodore, has bought 790,000 shares in the commodity group. This is Mr Phipps' first purchase since joining the company in September. The group, up 0.89p to 4.37p, has one of the largest teams on the London Metal Exchange and recently bought Amco, the base metals fund manager.

Bet of the day

HSBO shareholders have had a tough time, with the group's share price falling by 25 per cent since the beginning of the year. However, the group has been able to weather the storm, with a 7 per cent increase in its dividend, to 2p per share, down from 4p per share in the previous year. The group also announced plans to cut its workforce by 25 per cent, to 50 from 200. The group's losses for the year were £8 billion, due to the downturn in the UK market and the collapse of several key clients.