

Barclays' change of heart hurts Thomas Cook's share price

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MARKET REPORT



Tour operator **Thomas Cook** wallowed at a two-week low after a change of mood at Barclays.

The bank downgraded the mid-cap stock to "equal weight" from "overweight". In late November, analysts branded Thomas Cook's valuation as "attractive". However, a day after the tour operator said competition in Britain had slowed growth, Barclays changed its stance on the FTSE 250 firm, describing it as "a risky investment".

The bank blamed the ongoing challenging market, concerns around the UK consumer, and the lack of an imminent catalyst for the move.

However, analysts said the downgrade "might be wrong" as earnings per share momentum could improve if Thomas Cook successfully turns around its airline Condor, gains market share in the UK, and delivers cost savings. Nevertheless, shares fell 2.8p, or 2.9pc, to 92.5p.

Other laggards included

engineering conglomerate **Smiths Group**. The FTSE 100 stock, down 45p to £15.84, suffered its worst day since mid-November after its finance boss Chris O'Shea stepped down "to pursue his career outside the group".

Bill Seeger, the former finance director of GKN, who is a non-executive at Smiths, will step in on an interim basis.

Elsewhere, a raft of rating downgrades dominated market moves. **Land Securities** dropped 23p to £10.69 as JP Morgan lowered its rating to "neutral" from "overweight"

citing Thursday's full-year results and concerns about future London office supply.

The US investment bank also knocked **British Land's** rating to "neutral" on continued Brexit uncertainty. Shares closed down 9.5p at 629p.

Meanwhile, catalytic convertor maker **Johnson Matthey** went into reverse, dropping 35p to £30.45, after a downgrade by UBS. The Swiss bank's research team concluded that electric cars were set to disrupt the auto industry and will have a negative impact on the FTSE 100 company.

Despite a slew of bearish broker notes and political

tumult, the **FTSE 100** enjoyed its fourth consecutive week of gains as the Trump-inspired rout eased. The blue chip index ended the day 34.29 points, or 0.46pc, higher at 7,470.71.

Away from the blue chips, Peppa Pig maker **Entertainment One** nudged up 2.1p to 241.4p after it said it had commissioned 117 new episodes of the cartoon, while engineer **Senior** jumped 14.5p to 236.7p on a rating upgrade.

A rating upgrade from Peel Hunt boosted shares in roofing and insulation specialist **SIG**, up 6.7p to 139.4p. Despite SIG's troubled operational performance and tricky market conditions, Peel Hunt's analyst Clyde Lewis believes there is scope for "better returns".

Aim-listed iodine producer **Iofina** leapt 6pc to 13.5p on the back of a robust set of full-year results against a challenging trading environment.

Finally, multi-currency payments service **FairFX** bounced 5.8pc to 55p after unveiling a partnership with easyJet founder **Sir Stelios Haji-Ioannou's** easyCurrency.

