

## **U.K. Stocks Drop, Paced by Banks; Vedanta Resources, Rio Fall**

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U.K. stocks fell, led by banks, on concern the U.S. government's plan to buy \$700 billion of financial-company assets will fail to bolster the economy. Royal Bank of Scotland Group Plc and Barclays Plc slid.

Vedanta Resources Plc and Rio Tinto Group dropped more than 4 percent on lower metals prices. Marks & Spencer Group Plc fell after Deutsche Bank AG said "low expectations for the second quarter are justified." Tate & Lyle Plc slumped as much as 17 percent after the maker of the biggest-selling U.S. no-calorie sweetener said a U.S. judge disagreed with patent infringement claims brought by the company.

The benchmark FTSE 100 index fell 87.11, or 1.7 percent, to 5,149.15 at 3:42 p.m. in London. The FTSE All-Share Index slid 1.9 percent. Ireland's ISEQ Index dropped 5.9 percent.

The Stoxx 600 is down 25 percent this year on concern more than \$500 billion in credit-related losses and writedowns at financial firms worldwide and a slowing global economy will hurt profits. U.S. stocks dropped yesterday as oil jumped and investors speculated Treasury Secretary Henry Paulson's plan to buy toxic mortgage assets will fail to prevent a recession.

"There are worries that the Paulson plan may not be the panacea that everyone first thought it was," said Tony Dolphin, director of strategy and economics at Henderson Global Investors in London, which manages about \$125 billion.

RBS, the U.K.'s second-biggest bank by market value, fell 4.9 percent to 205.5 pence, Barclays, the U.K.'s third-biggest bank, decreased 4.6 percent to 356.

Basic-resources shares declined 4 percent as a group in the Stoxx 600 Index as copper, lead, tin and zinc prices fell in London. Vedanta sank 8.9 percent to 1,553 pence. Rio Tinto, the world's third-largest mining company, retreated 4.3 percent to 4,059 pence.

Marks & Spencer retreated 1.3 percent to 234.5 pence after Deutsche cut its recommendation to "hold" from "buy."

"Second-quarter sales on Oct. 2 are likely to show M&S continuing to underperform in general merchandise and food," the analysts, including Rod Whitehead, wrote in a research note dated Sept. 22.

"Our concern is much more that we cannot see initiatives under way to get M&S back on track in the year ahead," the team said. "In addition to trading down and operational errors, a new issue is emerging with rising input costs likely to preclude the gross margin increases that have been the biggest driver of profits recovery."

Tate & Lyle tumbled 12 percent to 368.25 pence. An administrative law judge at the U.S. International Trade Commission in Washington gave an initial ruling in the case against some makers and importers of Chinese

sucralose, London-based Tate said on its Web site late yesterday. Robert Gibber, general counsel for Tate, said the company intended to petition for an appeal of the decision by the full commission.

The following stocks also rose or fell in the U.K. market. Stock symbols are in parentheses.

Helphire Plc (HHR LN) dropped 5.75 pence, or 4.2 percent, to 132.25. The U.K. supplier of rental cars for motorists involved in accidents said full-year profit rose 2.9 percent.

InterContinental Hotels Group Plc (IHG LN) dropped 33.5 pence, or 4.5 percent, to 706. The owner of the Crowne Plaza lodging brand said revenue per available room at its Americas division stagnated last month, hurt by weaker sales at the company's Holiday Inn unit.

JD Sports Fashion Plc (JD/ LN) added 25 pence, or 9 percent, to 300. The U.K.'s third-largest sporting-goods retailer said first-half profit rose 73 percent on sales of higher margin in-house labels.

Man Group Plc (EMG LN) decreased 41.5 pence, or 10 percent, to 392. The world's largest publicly traded hedge-fund manager was rated "underperform" in new coverage at Jefferies, which highlighted the "prospect of significantly lower profits."

Mitchells & Butlers Plc (MAB LN) decreased 19.75 pence, or 7.3 percent, to 252.75. The owner of O'Neill's pubs said sales weakened at its Harvester restaurants as British middle-income families rein in spending.

Severn Trent Plc (SVT LN) lost 7 pence, or 0.5 percent, to 1,368. The U.K.'s second-biggest water company said performance in the six months ending Sept. 30 is in line with its expectations.

**Source: Bloomberg**