



Dominic Walsh Market report

U-turn hope on tax-free shopping boosts retailers

Investors went on a shopping spree for leading retail stocks amid growing hopes that the government may reverse its decision to axe tax-free shopping.

Shares of JD Sports Fashion, Burberry Group and Watches of Switzerland all ticked along nicely as fresh pressure was brought to bear by the retail and hospitality sectors to restore the scheme, under which visitors from non-European Union countries were able to recover the VAT on purchases.

Jonathan Akeroyd, the boss of Burberry, warned last week that the lack of tax-free shopping for overseas tourists was making Britain less competitive. He said visitors had been returning to Paris, Milan and Barcelona in greater numbers than

London, putting the UK at a competitive disadvantage.

Burberry, famous for its luxury trenchcoats and house tartan, gained 41p, or 1.8 per cent, to £23.31, while **JD Sports** jogged 1¼p higher to 160½p, up 0.7 per cent. **Watches of Switzerland**, which stocks prestigious brands such as Rolex, Breitling and Tag Heuer, was given an added shove by bid speculation. The company, floated at 270p four years ago, was previously owned by Apollo Global Management, and the rumoured suitors are said to include private equity firms as well as French luxury goods groups. The shares, down a quarter over the past year, added 28½p, or 4.3 per cent, to 689½p.

It was one of those days when the two main indices ended up going in

opposite directions. The FTSE 100 strode 14.12 points higher to 7,770.99 points, a rise of 0.18 per cent as talks continued between President Biden and the Republican House Speaker, Kevin McCarthy, over the raising of

the US debt ceiling. There is optimism about a solution but markets remain jittery.

The more domestically focused FTSE 250, having spent much of the session in positive territory, closed the day down 15.76 points, or 0.08 per cent, to 19,273.34 points.

In retail, Mike Ashley's **Frasers Group** was the FTSE 100's top of the flops, shedding 17p, or 2.2 per cent, to 748½p. In leisure, **The Restaurant Group** gained 1½p, or 3.3 per cent, to 49¾p, amid hopes that further demands for asset sales from rebellious shareholders might gain some traction. At today's annual meeting, investors in the Wagamama and Frankie & Benny's operator will have their say.

Kainos, an IT group, was flying after announcing slightly better than expected full-year results. The shares jumped by 75p, or 6.1 per cent, to £12.99.

Zinc Media was in demand after the television and audio production

group announced a contract to make a series for the BBC and its Canadian equivalent on the exploitation of black artists by the music industry. Idris and Sabrina Elba are executive producers, which helped push the shares 7½p, or 7.1 per cent, higher to 112½p.

The biggest FTSE 250 faller was **Dechra Pharmaceuticals**, the veterinary drugs group, which despite being in talks with EQT, the Swedish private equity firm, suffered a 476p slump to £31.74 — a fall of 13 per cent — on the back of its third profit warning in three months.

Asos, in which Frasers Group has built a 7.4 per cent stake, was down 2½p, or 0.6 per cent, to 443½p, despite continuing rumblings of corporate action in the offing. One of the companies said to be circling is Turkish, but until now it has not been named. The Times understands it is Trendyol, a Turkish ecommerce company that was founded in 2010 and which is 86.5 per cent owned by Alibaba, the Chinese Amazon.