

Follow me on
twitter
@steve_hawkes

THE STOCK MARKET REOPENS TODAY

Sun CITY



Tel: 020 7782 4050/email: steve.hawkes@the-sun.co.uk

THE PAGE YOU CAN TRUST

by STEVE HAWKES, BUSINESS EDITOR

DIAGEO

1406.5p



THE world's biggest spirits group had a rocky start to the credit crunch as people cut back on going out. But the home to **JOHNNIE WALKER**, **SMIRNOFF** and **GUINNESS** is now firing on all cylinders.

There are signs of a recovery in the "super premium" markets in the US and Diageo is cleaning up in Asia and Latin America. Emerging markets now represent 40 per cent of all Diageo's sales.

Analysts believe upcoming results will show Diageo has generated £2billion of cash over 2011-12, signalling higher dividends. Banks are falling over themselves to lend to the company.

Stockbrokers believe the shares could hit 1650p or more. Cheers!



GLAXOSMITHKLINE

1471.50p



WITH Armageddon still a possibility in Europe, it's critical to plug for a "defensive stock".

And in times of volatility, investing in a pharmaceutical giant is like parking ten defenders in front of the goal on a football pitch.

Under chief exec Andrew Witt, Glaxo has worked wonders. It has a number of big selling drugs such as asthma treatment Advair, has settled a ream of US lawsuits, is well placed in emerging markets but is also putting more emphasis on reliable consumer health brands such as Lucozade and Sensodyne toothpaste.

A Sun City pick in 2009, it's now time to head back to one of the UK's biggest companies.

ROCKHOPPER EXPLORATION

270.25p

THIS is the year that will make or break oil explorer Rockhopper.

The researchers have hit black gold off the coast of the Falklands and the "Sea Lion" discovery holds an estimated 1.3billion barrels of crude.

This year is all about enticing one of the industry's big guns to invest and develop the project.

The signs are encouraging. BP is among those rumoured to be taking an interest. So is **CAIRN ENERGY**.

In March we get a "competent persons" report on the size and value of the discovery, which could be another trigger for the shares. Political concerns will weigh as Argentina fumes over the exploration campaign but Sea Lion is potentially world class.



ANITE

93.25p



MOBILE phones - what would you do without them?

Well, this Slough-based tech specialist provides mobile phone giants with the hi-tech gear needed to test handsets and networks as they're built.

With 4G on the horizon it's primed and ready to cash in on the smartphone revolution transforming our daily lives.

Half-year results revealed a 69 per cent rise in profits with nearly 50 per cent of income coming from testing 4G handsets - and contracts in both the US and the Far East.

Work on 2G and 3G handsets is also rising as companies check the compatibility of their new designs with older generation kit.

Anite also provides software for travel firms moving more of their work online. 2012 should be a banner year for this company.

ROCK BOTTOM TO BOTTOMS UP

Our six for 2012...to wallop 2011

VICTORIA OIL & GAS

3.65p

ONE of two minnows to follow in 2012. Victoria Oil & Gas passed a huge milestone at the end of last year by producing the first gas from its onshore Logbaba field in Cameroon.

More gas sales agreements from the field are likely to be signed in the coming months, bringing in yet more revenue.

VOG also plans a drilling campaign in Siberia after picking up the West Medvezhye exploration block in the Yamal Peninsula - one of the most prolific gas regions in the world.

It's a risky stock, not least because of the perils of doing business in Russia, but some analysts believe the share price could double in the next 12 months.



THOMAS COOK'S plunge knocked the stuffing out of Sun City's stock picks for 2011.

Now it's time to fight back as we stick our necks out and select the "Super Six" stocks for 2012.

And we're confident that in 12 months' time you'll be raising a glass to **DIAGEO** - home to Johnnie Walker and other leading tipples. Experts fear a volatile year for stock markets given the ongoing chaos in Europe and the storm hammering the high street in the UK.

We've opted for a mix of big names, medium-sized firms and riskier bets - and are confident we will bounce back to form. But remember, if unsure about investing in any of our picks, you should consult an adviser.

Here are Sun City's six choices for the year: **DIAGEO**, **GLAXOSMITHKLINE**, **ROCKHOPPER EXPLORATION**, **ANITE**, **VICTORIA OIL & GAS** and **DELTEX MEDICAL GROUP**.

DELTEX MEDICAL GROUP

24.75p

OESOPHAGEAL Doppler Monitoring (ODM) hardly trips off the tongue but it's at the heart of this little healthcare company.

Deltex has developed the CardioQ-ODM to measure blood flow during surgery through a low-frequency probe. It's less invasive so reduces recovery times.

NHS spending watchdog NICE recommended the product in 2010.

Last month, the NHS chief exec suggested the health service use ODM-guided "fluid management" during surgery. The US and France are also showing an interest. As the endorsements grow, so does Deltex's huge potential.



IT'LL BE A LONG, HARD SLOG

IT'S going to be a tough year. I expect the economy to contract by 1.3 per cent, with recession during the first half of the year as demand is weak, firms cut back and public sector jobs are shed.

The economy should hit bottom by the summer but unemployment may not peak until later. The biggest challenge will be high youth unemployment.

The UK is in a long, hard slog as people, firms and now the Government pay off debt. Back in the summer the Governor of the Bank of England said we might then be halfway through a seven-year



myView
By GERARD LYONS, chief economist, Standard Chartered

adjustment. The picture will vary. For those in work with no worries about losing their job, and facing low borrowing costs, things may not seem too bad.

Also, many big firms have healthy balance sheets and for them the issue is whether to invest, rather than cut back.

The trouble is, it will require a rebound in confidence to encourage people and

firms who have money to spend to go out and do so. A big problem over the last year has been high inflation.

This ate into living standards. Inflation should ease in 2012, to below 2 per cent, less than half its current rate.

But even after this, food and petrol prices will still remain high, because of strong international demand.

Exporters will find it tough as Europe faces a deeper recession than the UK, with continued austerity in Portugal, Ireland, Greece, Spain and Italy.

Thus the euro's crisis will continue. By

the second half of 2012 the prospect of further economic pain and little light at the end of the tunnel will probably force Greece to leave.

What about policy? Expect interest rates to stay low throughout the year. Mortgage rates will stay low too.

All eyes will be on the Chancellor. Over the last 18 months George Osborne's Plan A has worked, convincing international investors that the UK is serious about reducing its budget deficit.

In coming months his challenge is to keep international markets reassured while doing more to stimulate growth.