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# Glaxo investigation pegs back Britain's FTSE

Wed, May 28 2014

- \* FTSE 100 trades flat
- \* Glaxo falls after fraud office opens criminal investigation
- \* Smith & Nephew spikes on bid rumours, subsequently denied
- \* Weir retreats after walking away from Metsco

By Tricia Wright

LONDON, May 28 (Reuters) - British blue-chip shares traded flat on Wednesday, with GlaxoSmithKline a big faller after domestic authorities launched a criminal investigation into its commercial practices.

The drugmaker fell 1.7 percent on the fraud office probe which poses a new challenge for the firm, already facing claims of bribery in China and four other countries.

Traders, however, bet that Glaxo's losses would be limited.

"As much as the allegations are serious, at this stage that is all they are (- allegations)," said Jordan Hiscott, senior trader at ayondo markets, who reckoned on the share price bottoming out around current levels on the probe news.

Among other big movers, Smith & Nephew jumped 17.5 percent to a record high of 1,120 pence on rumours U.S. medical devices manufacturer Stryker Corp intended to make a bid for its UK rival.

But the shares lost ground after Stryker's denial to be up just 3.6 percent.

Engineering group Weir also retraced gains made earlier in the session - after it abandoned efforts to acquire rival Metso when the Finnish company rejected a second, improved takeover bid.

Investors concerned the UK firm might overpay expressed relief that the bid had been snubbed before shifting their attention to the possibility of another planned takeover that could engender further uncertainty. Its shares fell 1.4 percent.

"That might have opened Weir's hand in terms of its acquisitive nature. In other words, even if this Metso thing isn't going to happen, that's not to say they won't be looking elsewhere potentially," said Richard Hunter, head of equities at Hargreaves Lansdown.

The FTSE 100 was down 1.38 points - flat in percentage terms - at 6,843.56 points by 1442 GMT. The index of British blue chips rose 0.4 percent on Tuesday, and is now just 0.7 percent shy of May's 2014 high.

That peak is the last resistance level before all-time highs set in December 1999. Wednesday's trade saw the index move within 1.6 percent of its highest-ever level.

The FTSE is lagging other indexes including the DAX, which has already hit new highs for the year.

Valerie Gastaldy, who heads technical analysis firm Day By Day, said it was too early to tell whether the rebound on Tuesday was the start of a challenge for new 2014 highs, and noted that the move was made in low volumes.

"With those limitations, we do favour new high on the FTSE 100 at around 6,945 in June," she said. (Additional reporting by [Alistair Smout](#), [Sudip Kar-Gupta](#) and [Francesco Canepa](#), editing by [Alister Doyle](#))

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