

Morning Meeting

30 March 2020

| | Index | +/- | % change |
|-------------------------|---------|--------|----------|
| FTSE 100 | 5815.7 | 127.5 | 2.2 |
| FTSE All-Share | 3179.8 | 76.8 | 2.5 |
| DJ Industrial Average | 22552.2 | 1351.6 | 6.4 |
| S&P 500 | 2630.1 | 154.5 | 6.2 |
| NASDAQ Composite Index | 7797.5 | 413.2 | 5.6 |
| Nikkei Japan 1000 Index | 1665.0 | -33.0 | -1.9 |
| Hang Seng Index | 23352.3 | -174.8 | -0.7 |
| EURO STOXX 50 (EUR) | 2847.8 | 47.6 | 1.7 |
| Switzerland SMI (PR) | 9204.0 | 214.8 | 2.4 |
| France CAC 40 | 4543.6 | 111.3 | 2.5 |
| Germany DAX (TR) | 10001.0 | 126.7 | 1.3 |

| Matrix Winners | Price | +/- | % change |
|----------------------------|-------|------|----------|
| Rentokil Initial plc | 399.5 | 59.4 | 17.5 |
| Legal & General Group Plc | 215.6 | 28.0 | 14.9 |
| Standard Life Aberdeen PLC | 258.0 | 32.9 | 14.6 |
| TUI AG | 404.6 | 50.6 | 14.3 |
| Meggitt PLC | 337.4 | 40.1 | 13.5 |

| Matrix Losers | Price | +/- | % change |
|----------------------------------|-------|-------|----------|
| Riverstone Energy Limited | 153.2 | -6.8 | -4.2 |
| Urban&Civic PLC | 205.0 | -9 | -4.2 |
| Hurricane Energy Plc | 13.3 | -0.53 | -3.8 |
| British Land Company PLC | 354.6 | -13.9 | -3.8 |
| Royal Bank of Scotland Group plc | 132.5 | -4.25 | -3.1 |

| Stocks Hitting Relative High |
|------------------------------|
| RELX PLC |
| Experian PLC |
| Phoenix Group Holdings plc |
| Standard Life Aberdeen PLC |
| - |
| - |

| Currencies | | +/- | 12 month range | |
|--------------|-----------|-------|----------------|------------|
| £:\$ | 1.214 | 0.04 | 1.15 | 1.33 |
| Y:\$ | 109.475 | -1.96 | 102.55 | 112.09 |
| E:£ | 1.101 | 0.02 | 1.07 | 1.20 |
| E:\$ | 1.102 | 0.02 | 1.07 | 1.14 |
| 10 Yr Bond | Yld % | +/- | -3 months | -12 months |
| UK | 0.40 | -0.03 | 0.77 | 1.08 |
| US | 0.81 | -0.02 | 1.91 | 2.41 |
| Germany | -0.36 | -0.04 | -0.24 | -0.03 |
| | Price (p) | +/- | 12 month range | |
| Investec plc | 170.15 | 6.55 | 128.8 | 518.6 |

| Sector Winners | % change | Mkt Wt |
|---|----------|--------|
| FTSE All-Share / Life Insurance - SEC | 7.8 | 3.4 |
| FTSE All-Share / Support Services - SEC | 7.69 | 5.1 |
| FTSE All-Share / Oil Equipment, Services & Distribution - SEC | 7.16 | 5.1 |
| FTSE All-Share / Travel & Leisure - SEC | 7.0 | 3.5 |
| FTSE All-Share / Electronic & Electrical Equipment - SEC | 6.8 | 0.8 |

| Sector Losers | % change | Mkt Wt |
|---|----------|--------|
| FTSE All-Share / Leisure Goods - SEC | -3.7 | 0.1 |
| FTSE All-Share / Oil & Gas Producers - SEC | -2.1 | 9.9 |
| FTSE All-Share / Industrial Metals & Mining - SEC | -2.0 | 0.1 |
| FTSE All-Share / Banks - SEC | -0.7 | 9.3 |
| FTSE All-Share / Health Care Equipment & Services - SEC | 0.1 | 1.0 |

| Stocks Hitting Relative Low |
|-----------------------------|
| British Land Company PLC |
| Centrica plc |
| Johnson Matthey Plc |
| Land Securities Group PLC |
| Urban&Civic PLC |
| Weir Group PLC |

Companies discussed in Morning Meeting

UK Equities

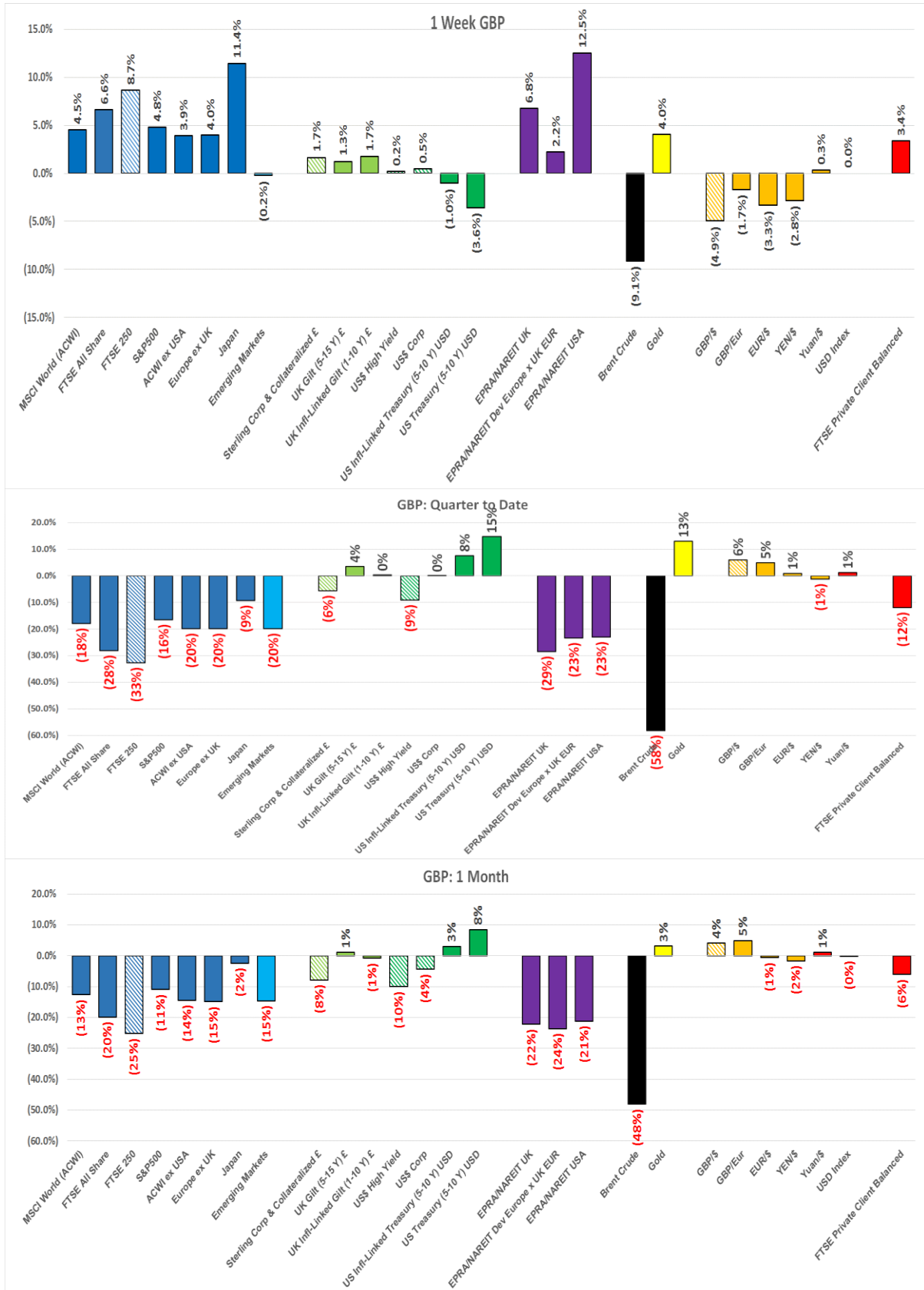
| | |
|---------------------------|----------------|
| easyJet | Company Update |
| Johnson Matthey | Company Update |
| Pennon | Company Update |
| Smith & Nephew | Company Update |

International Equities

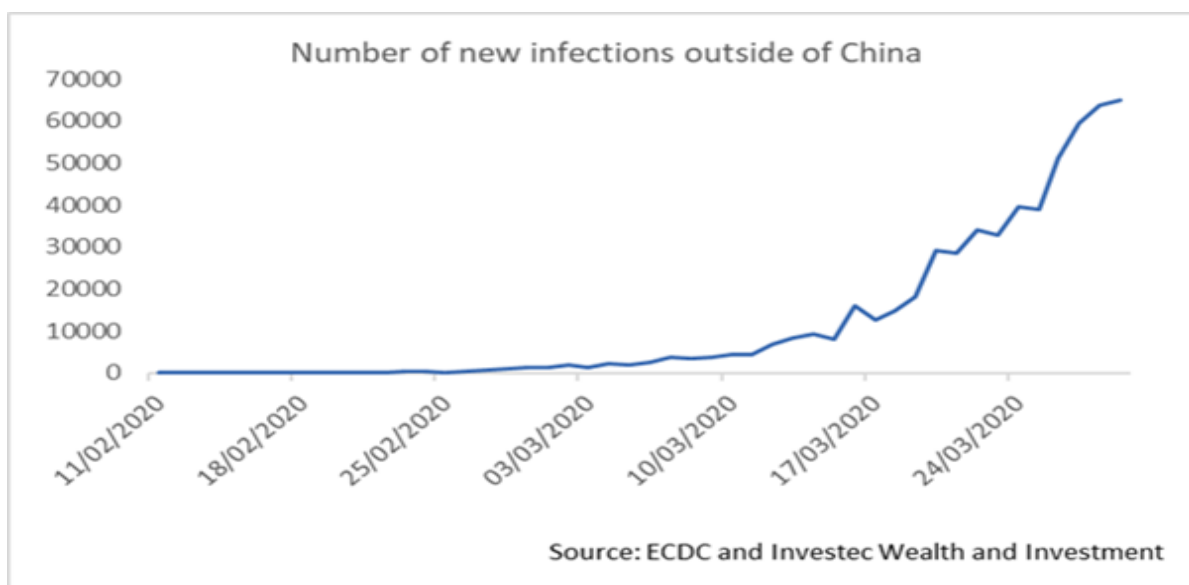
| | |
|------------------|----------------|
| ABB | Company Update |
| ASML | Company Update |
| ING Groep | Company Update |
| LVMH | Company Update |

Markets: Last Week

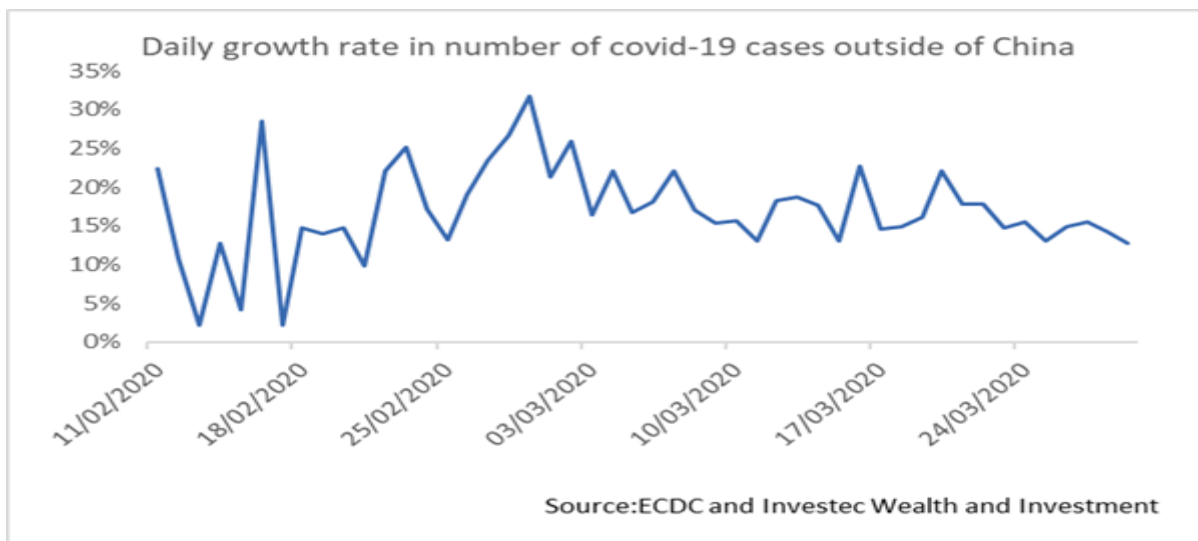
Performance Charts (in £)



- Introduction: Although closing on a softer note on Friday, global equity markets rose last week. The story of last week was “bad news” on the virus and the growing realisation of an impending and dramatic 1Q recession (a consensus of Goldman, Citigroup and Merrill Lynch suggests around 25% % lower than their peak of the previous week. US investment grade credit spreads dropped by 70basis points to just over 3% (a very large move considering the fall in the basis) with US\$ High Yield spreads dropping 90 basis points to 9.2%. At the same time, the ECB stabilised European bond markets with €750bn package, although progress here was somewhat derailed on Friday as the European government meeting broke up having been unable to agree on a material co-ordinated fiscal response.
- America however, finally delivered on its fiscal plan, voted through on Saturday. The \$2.1trn package compares favourably with the \$1.3bn originally proposed by Treasury Secretary Mnuchin. The whole process – its speed and magnitude (over 12% of US GDP), puts non-UK Europe to shame.
- Going forward, policy responses will be less dramatic (although they can, in this “whatever it takes” world, be expanded in size), and so we will be at the mercy of news on the virus and economic data that will be appalling. The first taste of this was the 3m initial weekly jobless claims print last week.
- Coronavirus Update: **early signs that the global curve is bending.** The total number of diagnosed cases across the world has reached just over 722k with nearly 650k outside of China.



- The daily growth rate has slowed. Over the past week the compound daily growth rate was 14% vs 18% the week before. If China is included then the global growth rate has fallen below 10%, having peaked at 14% last Sunday.



- Good news: In the US, new cases started to slow slightly over the weekend and in percentage growth terms are now in the teens not the twenties. This week will be important as today marks two weeks since New York City – the clear epicentre of the virus in the US, with nearly 24 per cent of total cases – closed all restaurants and bars and started to implement shutdown conditions. Germany saw new case numbers increase 8.2 per cent over the last 24 hours. German case growth has fallen out of the mid-teens range it had been in for the last eight days. In Italy the new case growth rate has been in the single digits for seven days in a row now, with yesterday the lowest at 5.6 per cent. In Spain new case growth has dipped under ten per cent for the first time.
- Bad News: An increase in new case growth rates in Asia. Over the weekend, Japan posted a double digit new case growth rate for the first time since March 13. Furthermore, the Philippines saw two days of 30 per cent case growth over the weekend for the first time. UK and US (President Trump) also appear to be hinting that social distancing measures may be extended beyond current expectations.

Today:

- Asian markets are off 1-2%, (HK & China / Japan).
- UK Sterling is 1% weaker v the dollar, as markets are reacting to Fitch ratings agency downgrading UK credit to AA- from AA, with a negative outlook.
- Brent Crude is off 5%, with S&P Futures off 0.4%.

Corporate News:

- UK BANKS: Pressure is growing for BoE to follow EBA's actions and mandate banks to pass their dividends. This is logical and likely, in our opinion, as a temporary measure until the crisis can be seen to be coming to an end.
- A raft of corporate guidance withdrawals is seen today. ABB: cancels 2020 guidance, highlighting also the further impact from a weakening oil price. ASML: cuts Q1 rev view, halts Q2 buyback, has supply chain issues. EASYJET: to ground its entire fleet from today, indefinitely. It had been running only limited repatriation flights. ING: does not expect to make interim divi, will review further divi announcements in October. Johnson Matthey expects financial performance to be below market expectations. NOVARTIS: The first wave of the global coronavirus outbreak will probably end in the coming months, but the world should prepare for a second wave, SMITH & NEPHEW Year final guidance pulled, Sees 1Q underlying revenue growth of around -8%.
- Economic Data Today: Most current data will be Euro Area March consumer confidence.
- Economic Data: Rest of the Week highlights will be the **final global PMIs on Wednesday (manufacturing) and Friday (services) and the weekly US initial claims on Thursday** which will probably be more real time than the payrolls report on Friday. Note that China's first set of PMIs will come very early tomorrow London time

Events Calendar

| Date | Company | Event | Flag |
|---------------|--|--|----------|
| 30 March 2020 | Pennon Group Plc | Q3 2020 Sales and Revenue Release - Trading Statement | R |
| 31 March 2020 | Smiths Group Plc | Q2 2020 Earnings Release | R |
| 08 April 2020 | Dunelm Group Plc | Q3 2020 Sales and Revenue Release - Trading Update | R |
| 08 April 2020 | Tesco Plc | Q4 2020 Earnings Release | Green |
| 08 April 2020 | Costco Wholesale Corp. | March 2020 Sales and Revenue Release | Green |
| 14 April 2020 | Wells Fargo & Co. | Q1 2020 Earnings Release | Blue |
| 14 April 2020 | Johnson & Johnson | Q1 2020 Earnings Release | Blue |
| 14 April 2020 | JPMorgan Chase & Co. | Q1 2020 Earnings Release | Green |
| 15 April 2020 | ASML Holding NV | Q1 2020 Earnings Release | Green |
| 15 April 2020 | The Charles Schwab Corp. | Q1 2020 Earnings Release | Blue |
| 15 April 2020 | UnitedHealth Group, Inc. | Q1 2020 Earnings Release | Blue |
| 15 April 2020 | The PNC Financial Services Group, Inc. | Q1 2020 Earnings Release | Spec Sit |
| 15 April 2020 | U.S. Bancorp | Q1 2020 Earnings Release | Blue |
| 15 April 2020 | Citigroup, Inc. | Q1 2020 Earnings Release | Green |
| 16 April 2020 | Hays plc | Q3 2020 Sales and Revenue Release - Trading Update | R |
| 16 April 2020 | Philip Morris International, Inc. | Q1 2020 Earnings Release | Spec Sit |
| 16 April 2020 | L'Or (R)al SA | Q1 2020 Sales and Revenue Release | Green |
| 16 April 2020 | Intuitive Surgical, Inc. | Q1 2020 Earnings Release | Green |
| 16 April 2020 | Rio Tinto Plc | Q1 2020 Sales and Revenue Release - Operational Review | Blue |
| 17 April 2020 | Schlumberger NV | Q1 2020 Earnings Release | Green |
| 20 April 2020 | Vivendi SA | Q1 2020 Sales and Revenue Release | Spec Sit |

| | Monday 30 th March | Tuesday 31 st March | Wednesday 1 st April | Thursday 2 nd March | Friday 3 rd March |
|-----|---|--|---|---|--|
| UK | BoE Mortgage Approvals SA (Number) BoE Net Mortgage Lending SA (GBP) M4 Money Supply SA M/M | GDP SA Y/Y (Final) GDP SA Q/Q (Final) | CIPS Manufacturing PMI SA (Final) | | CIPS Services PMI SA (Final) |
| US | Pending Home Sales M/M | Consumer Confidence Chicago PMI SA | ISM Manufacturing SA Construction Spending SA M/M Markit PMI Manufacturing SA (Final) | Initial Claims SA Durable Orders SA M/M (Final) Factory Orders SA M/M | Nonfarm Payrolls SA Private Nonfarm Payrolls Unemployment Rate Manufacturing Payrolls SA Hourly Earnings Y/Y (Preliminary) Hourly Earnings SA M/M (Preliminary) |
| RoW | EU - Business Climate EU - Consumer Confidence Indicator (Final) | EU - CPI EU Harmonized Y/Y (Flash) | EU - Markit PMI Manufacturing SA (Final) EU - Unemployment Rate | EU - PPI NSA Y/Y | EU - Retail Sales CA Y/Y EU - Markit PMI Composite SA (Final) |

Central Bank Meetings

| | |
|---------------------------|-----------------------------|
| Bank of Japan | 28 th April 2020 |
| US Federal Reserve | 29 th April 2020 |
| ECB | 30 th April 2020 |

Disclaimer

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