

## Morning Meeting

14 April 2020

	Index	+/-	% change
FTSE 100	5842.7	164.9	2.9
FTSE All-Share	3233.2	93.1	3.0
DJ Industrial Average	23390.8	-328.6	-1.4
S&P 500	2761.6	-28.2	-1.0
NASDAQ Composite Index	8192.4	38.9	0.5
Nikkei Japan 1000 Index	1674.8	-29.3	-1.7
Hang Seng Index	24300.3	330.0	1.4
EURO STOXX 50 (EUR)	2892.8	0.0	0.0
Switzerland SMI (PR)	9452.8	20.4	0.2
France CAC 40	4506.9	64.1	1.4
Germany DAX (TR)	10564.7	231.9	2.2

Matrix Winners	Price	+/-	% change
Capita plc	39.6	6.6	20.0
Ted Baker PLC	167.4	27.4	19.6
Hurricane Energy Plc	15.6	2.5	19.0
Urban&Civic PLC	242.5	30.5	14.4
William Hill PLC	106.4	11.9	12.6

Matrix Losers	Price	+/-	% change
Greggs plc	1791.0	-58	-3.1
Syncona Ltd GBP	231.5	-6.5	-2.7
Marston's PLC	41.3	-1.08	-2.5
Cairn Energy PLC	108.0	-2	-1.8
Riverstone Energy Limited	171.6	-2.6	-1.5

Stocks Hitting Relative High
LondonMetric Property Plc
CRH Plc
Serco Group plc

Currencies		+/-	12 month range	
£:\$	1.250	0.00	1.15	1.33
Y:\$	107.735	-0.77	102.55	112.09
E:£	1.147	0.01	1.07	1.20
E:\$	1.090	0.00	1.07	1.14
10 Yr Bond	Yld %	+/-	-3 months	-12 months
UK	0.30	-0.03	0.77	1.25
US	0.75	0.02	1.85	2.56
Germany	-0.35	-0.01	-0.17	0.01
	Price (p)	+/-	12 month range	
Investec plc	166.95	3.8	128.8	518.6

Sector Winners	% change	Mkt Wt
FTSE All-Share / Leisure Goods - SEC	0.0	0.1
FTSE All-Share / Software & Computer Services - SEC	0.00	0.9
FTSE All-Share / Industrial Metals & Mining - SEC	0.00	0.9
FTSE All-Share / Electricity - SEC	0.0	0.8
FTSE All-Share / Travel & Leisure - SEC	0.0	3.7

Sector Losers	% change	Mkt Wt
FTSE All-Share / Mobile Telecommunications - SEC	0.0	1.7
FTSE All-Share / Life Insurance - SEC	0.0	3.2
FTSE All-Share / Technology Hardware & Equipment - SEC	0.0	0.1
FTSE All-Share / Oil & Gas Producers - SEC	0.0	10.2
FTSE All-Share / Beverages - SEC	0.0	3.7

Stocks Hitting Relative Low
HSBC Holdings Plc
RSA Insurance Group plc
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### Companies discussed in Morning Meeting

#### UK Equities

easyJet	Company Update
Next	Company Update
Ultra Electronics	Company Update

#### International Equities

AB InBev	Company Update
Tapestry	Company Update

- Welcome back from a glorious, if unusual, Easter weekend. An awful lot of water (and oil) has flowed under the bridge since last Thursday – enough to fill a week’s worth of morning meetings in less exceptional times.
- Starting with the inevitable coronavirus update, the “curve flattening” trend continues to be visible in the global data, although, of course, individual countries, and even regions within countries, are all at different stages. The headline is that the latest figure for growth in the daily number of infections outside China is down to 4.3%, with last week’s average being 6%. That itself is down from 10% in the previous week and 14% the week before that.
- The total number of cases globally is 1.93m with total recorded deaths not far below the 120k mark. Over the weekend UK deaths passed the 10k mark. Foreign Secretary Dominic Raab has warned that the UK had still not passed its peak; as such the initial three week lockdown will be extended, with media reports suggesting 7<sup>th</sup> May as the potential date for a relaxation of measures, although any shift will definitely be incremental. In France, President Macron has confirmed that the country will remain in lockdown until 11<sup>th</sup> May. On the other hand, both Spain and Austria have announced limited “return-to-work” measures. So some light at the end of the tunnel.
- The fallout from the virus dominates policy developments. The first to report on from Thursday last week is the Federal Reserve’s latest asset purchase and loans programme, totalling another \$2.3 trillion. Most strikingly, and also controversially, this allows for the on-market purchase of High Yield bond ETFs. Unsurprisingly there have been complaints about moral hazard, lack of true price discovery, perpetual “zombification” and stacking up even more trouble for the next recession. Even so, the market decided to celebrate the windfall first. In the two trading sessions covering Thursday and Monday, HY spreads came in 111 bps, and Investment Grade 37 bps. Excellent news from the point of view of our recent asset allocation decisions, but now bringing its own problems about what to do for an encore.
- The Fed’s balance sheet, never bigger than around \$4.5 trillion in the post-financial crisis era, has already ballooned to more than \$6 trillion, and is generally expected to head close to \$10 trillion by the end of 2020. Quite how and if it will shrink again will be the big conundrum for the future. At least in a sign of better market conditions, the Fed has also announced a sharp reduction in its Repo market interventions.
- The second big set piece was the OPEC+ and G20 oil deal, although you would hardly notice that from the oil price, which is just a couple of per cent higher at just over \$32 for Brent crude, with WTI some \$10 cheaper. The headline was a 10 million barrel per day production cut by OPEC+, with the Saudis and Russia accounting for half of that. This is planned for May and June, with a steady increase in production again thereafter. Non-OPEC cuts are more organic in nature, mainly from the US, and combined with increased storage and strategic reserve building will take a total of 15 million barrels off the market. However, remember that the demand shortfall is currently estimated to be in the 25-30 million barrels-per-day range, and so this is no magic bullet solution.
- Next on the list is Europe’s 500m euro support package. This consists of theoretically “no strings” revised credit lines from the European Stability Mechanism, a boost to lending capacity from the European Investment Bank and a new 100m euro unemployment insurance scheme from the European Commission. There is also the prospect of an as yet undefined post-lockdown recovery fund. But it is, perhaps, what is missing from the package which remains more contentious, with still no sign of Eurobonds and the much hoped-for move towards some sort of EU fiscal unity. Unsurprisingly, elements of Italy’s political hierarchy have expressed their feelings in no uncertain negative terms.
- In terms of economic data, the US Weekly Jobless Claims continue to give us the best snapshot of current effects, with another 6.6 million joining the lists last week. That’s 17 million in three weeks. We might get some more clues as to the effect on corporate health this week

when Q1 results start to filter through. Johnson & Johnson, JP Morgan and Wells Fargo kick off proceedings today.

- China's trade data for March came out overnight, with both Exports (-3.5% y/y) and Imports (+2.4%) doing better than forecast. However, exports could well deteriorate further in the weeks ahead as demand from the rest of the world decreases, and imports may well have been inflated by food purchases under the US/China trade deal.
- From a market perspective, last week was a corker for risk assets and balanced portfolios. The S&P 500 Index posted its best weekly gain (+12.1%) since October 1974, and its eighth best since 1928. Yesterday, while Europe remained closed, it gained 1.01%, and the NASDAQ Index closed in positive territory. The FANG+ Index is now UP in the current year. Asian markets were positive overnight, and European markets are also firmer ahead of a prospective higher US opening (S&P futures +1.2%). The FTSE 100 is a negative laggard, partly owing to a stronger pound (\$1.2568), but also, perhaps, owing to claims that the UK will be one of the countries worst hit by the coronavirus.
- Note also the strength of Gold, which yesterday posted its highest close since 2012. It now trades at \$1,729. This suggests unease about future inflationary pressures as well as concerns over the effective monetisation of government debts via central bank asset purchases.

## Events Calendar

Date	Company	Event
06 April 2020	Smiths Group Plc	Q2 2020 Earnings Release
08 April 2020	Dunelm Group Plc	Q3 2020 Sales and Revenue Release - Trading Update
08 April 2020	Tesco Plc	Q4 2020 Earnings Release
08 April 2020	Costco Wholesale Corp.	March 2020 Sales and Revenue Release
14 April 2020	Wells Fargo & Co.	Q1 2020 Earnings Release
14 April 2020	Johnson & Johnson	Q1 2020 Earnings Release
14 April 2020	JPMorgan Chase & Co.	Q1 2020 Earnings Release
15 April 2020	Hunting Plc	Q1 2020 Sales and Revenue Release - Trading Update
15 April 2020	The Charles Schwab Corp.	Q1 2020 Earnings Release
15 April 2020	UnitedHealth Group, Inc.	Q1 2020 Earnings Release
15 April 2020	ASML Holding NV	Q1 2020 Earnings Release
15 April 2020	The PNC Financial Services Group, Inc.	Q1 2020 Earnings Release
15 April 2020	U.S. Bancorp	Q1 2020 Earnings Release
15 April 2020	The Goldman Sachs Group, Inc.	Q1 2020 Earnings Release
15 April 2020	Citigroup, Inc.	Q1 2020 Earnings Release
16 April 2020	Hays plc	Q3 2020 Sales and Revenue Release - Trading Update
16 April 2020	Keywords Studios Plc	Q4 2019 Earnings Release
16 April 2020	Zalando SE	Q1 2020 Sales and Revenue Release - Trading Statement
16 April 2020	LVMH Mo 1/4t Hennessy Louis Vuitton SE	Q1 2020 Sales and Revenue Release
16 April 2020	L'Or (R)al SA	Q1 2020 Sales and Revenue Release
16 April 2020	Intuitive Surgical, Inc.	Q1 2020 Earnings Release
16 April 2020	Rio Tinto Plc	Q1 2020 Sales and Revenue Release - Operational Review
17 April 2020	Schlumberger NV	Q1 2020 Earnings Release
20 April 2020	Vivendi SA	Q1 2020 Sales and Revenue Release
21 April 2020	Associated British Foods Plc	Q2 2020 Earnings Release
21 April 2020	London Stock Exchange Group Plc	Q1 2020 Sales and Revenue Release - Interim Management Statement
21 April 2020	Philip Morris International, Inc.	Q1 2020 Earnings Release
21 April 2020	Reckitt Benckiser Group Plc	Q1 2020 Earnings Release
21 April 2020	SAP SE	Q1 2020 Earnings Release
21 April 2020	SEGRO Plc	Q1 2020 Sales and Revenue Release - Trading Update
21 April 2020	Northern Trust Corp.	Q1 2020 Earnings Release
21 April 2020	Northern Trust Corp.	Q1 2020 Earnings Release
21 April 2020	Danone SA	Q1 2020 Sales and Revenue Release
21 April 2020	BHP Group Plc	Q3 2020 Sales and Revenue Release
21 April 2020	Procter & Gamble Co.	Q3 2020 Earnings Release
22 April 2020	CRH Plc	Q1 2020 Sales and Revenue Release - Trading Update
22 April 2020	Investor AB	Q1 2020 Sales and Revenue Release - Interim Management Statement
22 April 2020	Roche Holding AG	Q1 2020 Sales and Revenue Release
23 April 2020	Anglo American Plc	Q1 2020 Sales and Revenue Release - Production Report
23 April 2020	Atlas Copco AB	Q1 2020 Earnings Release
23 April 2020	Valeo SA	Q1 2020 Sales and Revenue Release
23 April 2020	Meggitt Plc	Q1 2020 Sales and Revenue Release - Trading Update
23 April 2020	RELX Plc	Q1 2020 Sales and Revenue Release - Trading Update
23 April 2020	Pernod Ricard SA	Q3 2020 Sales and Revenue Release
23 April 2020	Tullow Oil Plc	Q1 2020 Sales and Revenue Release - Trading Update
23 April 2020	Taylor Wimpey Plc	Q1 2020 Sales and Revenue Release - Trading Update
23 April 2020	Unilever Plc	Q1 2020 Sales and Revenue Release - Trading Statement
23 April 2020	Unilever Plc	Q1 2020 Sales and Revenue Release - Trading Statement
23 April 2020	Air Products & Chemicals, Inc.	Q2 2020 Earnings Release
23 April 2020	Credit Suisse Group AG	Q1 2020 Earnings Release
24 April 2020	Nestl (R) SA	Q1 2020 Sales and Revenue Release
24 April 2020	Rotork Plc	Q1 2020 Sales and Revenue Release - Trading Update

	<b>Monday 13<sup>th</sup> April</b>	<b>Tuesday 14<sup>th</sup> April</b>	<b>Wednesday 15<sup>th</sup> April</b>	<b>Thursday 16<sup>th</sup> April</b>	<b>Friday 17<sup>th</sup> April</b>
<b>UK</b>					
<b>US</b>		Export Price Index Import Price Index	Retail Sales Industrial Production Business Inventories SA	Initial Claims	Leading Indicators SA
<b>RoW</b>			FR - CPI NSA M/M	GE – CPI NSA Y/Y	

### Central Bank Meetings

<b>Bank of Japan</b>	28 <sup>th</sup> April 2020
<b>US Federal Reserve</b>	29 <sup>th</sup> April 2020
<b>ECB</b>	30 <sup>th</sup> April 2020

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