

Morning Meeting

5 May 2020

	Index	+/-	% change
FTSE 100	5753.8	-9.3	-0.2
FTSE All-Share	3178.6	-10.8	-0.3
DJ Industrial Average	23749.8	26.1	0.1
S&P 500	2842.7	12.0	0.4
NASDAQ Composite Index	8710.7	105.8	1.2
Nikkei Japan 1000 Index	1705.6	-39.4	-2.3
Hang Seng Index	23613.8	-1029.8	-4.2
EURO STOXX 50 (EUR)	2816.5	-111.5	-3.8
Switzerland SMI (PR)	9390.3	-239.1	-2.5
France CAC 40	4378.2	-194.0	-4.2
Germany DAX (TR)	10466.8	-394.8	-3.6

Matrix Winners	Price	+/-	% change
Riverstone Energy Limited	254.0	34.0	15.5
Smart Metering Systems PLC	635.0	45.0	7.6
Hikma Pharmaceuticals Plc	2383.0	132.0	5.9
Ocado Group PLC	1687.5	72.5	4.5
Playtech plc	227.8	7.2	3.3

Matrix Losers	Price	+/-	% change
John Wood Group PLC	176.0	-16	-8.3
Informa Plc	416.0	-33.8	-7.5
easyJet plc	527.0	-41	-7.2
Rolls-Royce Holdings plc	291.4	-21.7	-6.9
Weir Group PLC	894.0	-64.2	-6.7

Stocks Hitting Relative High
GVC Holdings PLC
AstraZeneca PLC
Domino's Pizza Group plc
John Laing Group Plc
Keywords Studios plc
Rentokil Initial plc

Currencies		+/-	12 month range	
£:\$	1.242	-0.01	1.15	1.33
Y:\$	106.925	0.02	102.55	112.09
E:£	1.138	0.00	1.07	1.20
E:\$	1.092	-0.01	1.07	1.14
10 Yr Bond	Yld %	+/-	-3 months	-12 months
UK	0.24	-0.02	0.59	1.26
US	0.64	0.00	1.60	2.53
Germany	-0.55	0.04	-0.40	0.04
	Price (p)	+/-	12 month range	
Investec plc	156.05	-7.8	128.8	518.6

Sector Winners	% change	Mkt Wt
FTSE All-Share / Health Care Equipment & Services - SEC	1.9	1.1
FTSE All-Share / Oil & Gas Producers - SEC	1.63	8.9
FTSE All-Share / Industrial Transportation - SEC	1.39	8.9
FTSE All-Share / Household Goods & Home Construction - SEC	0.4	4.1
FTSE All-Share / Gas, Water & Multiutilities - SEC	0.3	2.9

Sector Losers	% change	Mkt Wt
FTSE All-Share / Oil Equipment, Services & Distribution - SEC	-7.3	0.1
FTSE All-Share / Food Producers - SEC	-3.3	0.7
FTSE All-Share / Travel & Leisure - SEC	-3.0	3.6
FTSE All-Share / Aerospace & Defense - SEC	-2.5	1.6
FTSE All-Share / Banks - SEC	-2.4	7.6

Stocks Hitting Relative Low
Aviva plc
HSBC Holdings Plc
International Consolidated Airlines Group SA
Shaftesbury PLC
-
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Companies discussed in Morning Meeting

UK Equities

Carnival Company Update

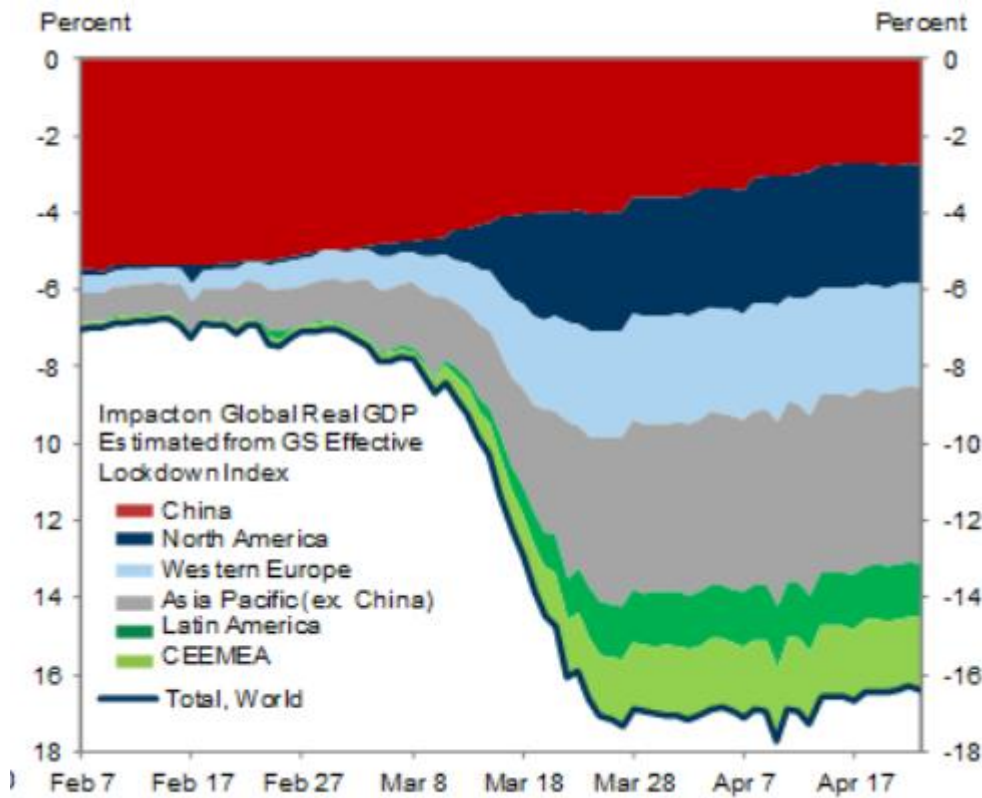
International Equities

BNP Paribas Quarterly Results

Pandora Quarterly Results

Total Quarterly Results

- Markets were relatively quiet yesterday by recent standards. Even though European markets were 2.5% lower, that was almost entirely a catch-up from being closed on Friday. The FTSE 100 was 0.6% lower, while the S&P 500 turned round from an opening 1% fall to end the day 0.42% higher. The futures suggest another ½% or so gain at the open today. The reason for the turnaround was variously attributed to a bounce in the oil price and news that California would relax lockdowns shortly, but, as is often the case, could just have been a price move in search of a story. Flow and liquidity analysis suggests that Hedge Funds, notably CTAs, remain short and are feeling the squeeze, and there are also historically high levels of cash burning a hole in institutional fund managers' pockets.
- China and Japan remain closed for public holidays, so we look to HK (+1%) and India (+0.65%) for the lead this morning. European and UK markets are around 1.5% higher at the open.
- Onto the daily virus update. Global cases grew just 2.2% yesterday, with the normal caveats around Monday's data. Fatalities grew 1.7%. The US number was a benign 1.9%, but Russia and Brazil remain a concern, rising 7.9% and 6.7% respectively.
- In Covid-related news, a study by Bonn University analysed antibody tests from an unnamed town in Germany and found a 15% infection rate, some 10 times higher than the official data suggests, but obviously helpful in reaching the herd immunity target of 60%+. However, that does come with a caveat. Yesterday I listened to a call with Professor David Heyman, an eminent epidemiologist, and he emphasised that the antibody count could be crucial. People who had only mild or even no symptoms will only have a low antibody count which might not confer full immunity. On the subject of vaccines, he was doubtful that anything would be widely available before the end of this year, but was more optimistic on the mutating capabilities of the virus, suggesting that it was relatively stable. He also introduced a new term that we will not doubt soon become familiar with, which is "circuit breakers". These are new restrictions that can be imposed if a "hot spot" of new cases appears.
- After developing a vaccine, exiting lockdown is the next priority, and a variety of approaches is being taken by different countries, although we are still far from what one might call a "big bang" approach. Finland, for example, is allowing an increase in the maximum number for public meetings from 10 to 50 on June 1st. Perhaps sufficient to allow resumption of the Devon (South) division 5 football league where I used to play my trade at Uni, but not the Premier League.
- On the corporate front, the pressure on air travel continues to feed back up the supply chain, with GE the latest to announce 10,000 permanent job cuts in its aerospace division. Covid-19 is also the catalyst behind Fitch's downgrade of Starbucks's credit rating to BBB, hovering just above junk status. More positively, Carnival Cruise Lines announced that it plans to start sailing again from the US at the beginning of August. Also spare a thought for drinkers in India, where a 6 week ban on the sale of alcohol was lifted yesterday.
- Putting all of this together, Goldman Sachs calculates that global economic activity is currently running around 16% below its level at the peak in January, but at least that level has been remarkably flat since the end of March. If anything, it has edged up marginally as China has come back to life.



Source: Goldman Sachs

- In other news, a minor sell-off for the pound reminds us that Brexit has been in its own quarantine area for a while but is far from dead. A two week round of video negotiations begins today, with the UK government apparently still hell-bent on delivering Brexit by the end of the year.
- Also in Europe today, Germany Constitutional Court delivers a ruling on the legality of ECB asset purchases. Remember that this goes back to 2015, with an interim ruling by the European Court of Justice supporting the ECB in 2018, and doesn't have anything to do with the latest PEPP programme. The court is expected to endorse the 2015 programme with caveats, but there is a non-negligible risk of a nasty surprise headline, which would not play well with the EU's financial sector and peripheral sovereign debt. Even so, the ECJ would then be able to overrule, so this should not, in the end, turn into an existential crisis.
- On the economic front, US Factory Orders and Durable Goods Orders were down 10.3% and 14.7% in March from February, marginally lower than forecast, but no great surprise. The same goes for the 97% drop in new car sales reported in the UK. Hong Hong's GDP was reported 5.3% lower in the first quarter.
- Today we will see Services PMI readings in the UK and US.
- Also look out this afternoon/evening for results in the US from flagged names Dupont, Xylem, Illinois Tool Works, Beyond Meat, Electronic Arts and Disney.

Events Calendar

Date	Company	Event
05 May 2020	Aviva Plc	Q4 2019 Earnings Release
05 May 2020	BNP Paribas SA	Q1 2020 Earnings Release
05 May 2020	Siemens Healthineers AG	Q2 2020 Earnings Release
05 May 2020	Total SA	Q1 2020 Earnings Release
05 May 2020	Pandora AS	Q1 2020 Earnings Release
05 May 2020	DuPont de Nemours, Inc.	Q1 2020 Earnings Release
05 May 2020	Xylem, Inc.	Q1 2020 Earnings Release
05 May 2020	Illinois Tool Works, Inc.	Q1 2020 Earnings Release
05 May 2020	Beyond Meat, Inc.	Q1 2020 Earnings Release
05 May 2020	The Walt Disney Co.	Q2 2020 Earnings Release
05 May 2020	Electronic Arts, Inc.	Q4 2020 Earnings Release
05 May 2020	AXA SA	Q1 2020 Sales and Revenue Release - Activity Report
06 May 2020	Direct Line Insurance Group Plc	Q1 2020 Sales and Revenue Release - Trading Update
06 May 2020	Fresenius SE & Co. KGaA	Q1 2020 Earnings Release
06 May 2020	ITV Plc	Q1 2020 Sales and Revenue Release - Trading Update
06 May 2020	Novo Nordisk A/S	Q1 2020 Earnings Release
06 May 2020	Ocado Group Plc	Q2 2020 Sales and Revenue Release - Trading Update
06 May 2020	Zoetis, Inc.	Q1 2020 Earnings Release
06 May 2020	Smith & Nephew Plc	Q1 2020 Sales and Revenue Release - Trading Update
06 May 2020	Costco Wholesale Corp.	April 2020 Sales and Revenue Release
06 May 2020	PayPal Holdings, Inc.	Q1 2020 Earnings Release
07 May 2020	Equiniti Group Plc	Q1 2020 Sales and Revenue Release - Trading Update
07 May 2020	International Consolidated Airlines Group SA	April 2020 Sales and Revenue Release - Traffic Results
07 May 2020	International Consolidated Airlines Group SA	Q1 2020 Earnings Release
07 May 2020	InterContinental Hotels Group Plc	Q1 2020 Sales and Revenue Release - Trading Update
07 May 2020	IMI Plc	Q1 2020 Sales and Revenue Release - Interim Management Statement
07 May 2020	Legrand SA	Q1 2020 Earnings Release
07 May 2020	Melrose Industries Plc	Q1 2020 Sales and Revenue Release - Trading Update
07 May 2020	Zalando SE	Q1 2020 Earnings Release
07 May 2020	Anheuser-Busch InBev SA/NV	Q1 2020 Earnings Release
07 May 2020	BT Group Plc	Q4 2020 Earnings Release
07 May 2020	RSA Insurance Group Plc	Q1 2020 Sales and Revenue Release - Trading Update
07 May 2020	Continental AG	Q1 2020 Earnings Release
07 May 2020	Danaher Corp.	Q1 2020 Earnings Release
07 May 2020	Linde Plc	Q1 2020 Earnings Release
07 May 2020	EOG Resources, Inc.	Q1 2020 Earnings Release
08 May 2020	ING Groep NV	Q1 2020 Earnings Release
11 May 2020	Centrica Plc	Q1 2020 Sales and Revenue Release - Trading Update
11 May 2020	Victrex Plc	Q2 2020 Earnings Release
12 May 2020	Greggs Plc	Q1 2020 Sales and Revenue Release - Trading Update
12 May 2020	Land Securities Group Plc	Q4 2020 Earnings Release
12 May 2020	Premier Oil Plc	Q1 2020 Sales and Revenue Release - Trading Update
12 May 2020	Renishaw Plc	Q3 2020 Sales and Revenue Release - Trading Statement
12 May 2020	Vodafone Group Plc	Q4 2020 Earnings Release
13 May 2020	Marston's Plc	Q2 2020 Earnings Release
13 May 2020	The Sage Group Plc	Q2 2020 Earnings Release
13 May 2020	Spirax-Sarco Engineering Plc	Q1 2020 Sales and Revenue Release - Trading Update
13 May 2020	Cisco Systems, Inc.	Q3 2020 Earnings Release
14 May 2020	Countryside Properties Plc	Q2 2020 Earnings Release
14 May 2020	Hargreaves Lansdown Plc	Q3 2020 Sales and Revenue Release - Interim Management Statement
14 May 2020	Deutsche Telekom AG	Q1 2020 Earnings Release
15 May 2020	Compagnie Financière Richemont SA	Q4 2020 Earnings Release
19 May 2020	DCC Plc	Q4 2020 Earnings Release
19 May 2020	Imperial Brands Plc	Q2 2020 Earnings Release
19 May 2020	Shaftesbury Plc	Q2 2020 Earnings Release
19 May 2020	The Home Depot, Inc.	Q1 2020 Earnings Release
20 May 2020	Britvic Plc	Q2 2020 Earnings Release
20 May 2020	Compass Group Plc	Q2 2020 Earnings Release
20 May 2020	Experian Plc	Q4 2020 Earnings Release
20 May 2020	Great Portland Estates Plc	Q4 2020 Earnings Release
20 May 2020	Marks & Spencer Group Plc	Q4 2020 Earnings Release
20 May 2020	Severn Trent Plc	Q4 2020 Earnings Release
21 May 2020	Essentra Plc	Q1 2020 Sales and Revenue Release - Trading Update
21 May 2020	Intertek Group Plc	Q1 2020 Sales and Revenue Release - Trading Update
21 May 2020	Kingfisher plc	Q1 2021 Sales and Revenue Release - Trading Update
21 May 2020	Tate & Lyle Plc	Q4 2020 Earnings Release
21 May 2020	Medtronic Plc	Q4 2020 Earnings Release
22 May 2020	Burberry Group Plc	Q4 2020 Earnings Release - Preliminary
22 May 2020	Close Brothers Group Plc	Q3 2020 Sales and Revenue Release - Trading Update
22 May 2020	Deere & Co.	Q2 2020 Earnings Release
22 May 2020	SSE Plc	Q4 2020 Earnings Release
22 May 2020	Spectris Plc	Q1 2020 Sales and Revenue Release - Trading Update
22 May 2020	United Utilities Group Plc	Q4 2020 Earnings Release

	Monday 4th May	Tuesday 5th May	Wednesday 6th May	Thursday 7th May	Friday 8th May
UK		CIPS Services PMI SA (Final)	CIPS Construction PMI SA	BoE Official Bank Rate MPC Minutes Publication and Inflation Report	
US	Durable Orders SA M/M (Final) Factory Orders SA M/M	Markit PMI Services SA (Final) ISM Non Manufacturing SA	ADP Employment Survey SA	Consumer Credit SA Productivity SAAR Q/Q (Preliminary)	Hourly Earnings SA M/M (Preliminary) Hourly Earnings Y/Y (Preliminary) Average Workweek SA (Preliminary) Manufacturing Payrolls SA Nonfarm Payrolls SA Private Nonfarm Payrolls Unemployment Rate Wholesale Inventories SA M/M (Final)
RoW	EU - Sentix Economic Index EU - Markit PMI Manufacturing SA (Final) GR - Markit PMI Manufacturing SA (Final) FR - Markit PMI Manufacturing SA (Final)		EU - Markit PMI Composite SA (Final) EU - Markit PMI Services SA (Final) EU - Retail Sales SCA M/M EU - Retail Sales CA Y/Y	GR – PMI Construction	

Central Bank Meetings

Bank of England	7 th May 2020
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