

Morning Meeting

11 May 2020

	Index	+/-	% change
FTSE 100	5936.0	82.2	1.4
FTSE All-Share	3270.6	45.9	1.4
DJ Industrial Average	24331.3	455.4	1.9
S&P 500	2929.8	48.6	1.7
NASDAQ Composite Index	9121.3	141.7	1.6
Nikkei Japan 1000 Index	1738.2	37.9	2.2
Hang Seng Index	24230.2	249.5	1.0
EURO STOXX 50 (EUR)	2908.1	27.5	1.0
Switzerland SMI (PR)	9665.4	47.4	0.5
France CAC 40	4549.6	48.2	1.1
Germany DAX (TR)	10904.5	145.2	1.3

Currencies		+/-	12 month range	
£:\$	1.245	0.02	1.15	1.33
Y:\$	106.430	-0.14	102.55	112.09
E:£	1.145	0.01	1.07	1.20
E:\$	1.087	0.01	1.07	1.14
10 Yr Bond	Yld %	+/-	-3 months	-12 months
UK	0.24	-0.01	0.59	1.20
US	0.68	0.05	1.58	2.48
Germany	-0.54	0.01	-0.39	-0.04
	Price (p)	+/-	12 month range	
Investec plc	159.25	4.85	128.8	518.6

Matrix Winners	Price	+/-	% change
Dixons Carphone PLC	75.9	5.9	8.4
Ted Baker PLC	147.3	11.0	8.1
Anglo American plc	1467.0	96.2	7.0
Marks and Spencer Group plc	95.1	6.0	6.8
RSA Insurance Group plc	393.6	24.2	6.6

Sector Winners	% change	Mkt Wt
FTSE All-Share / Technology Hardware & Equipment - SEC	0.0	0.1
FTSE All-Share / Nonlife Insurance - SEC	0.00	1.1
FTSE All-Share / Beverages - SEC	0.00	1.1
FTSE All-Share / Health Care Equipment & Services - SEC	0.0	1.1
FTSE All-Share / Electronic & Electrical Equipment - SEC	0.0	0.8

Matrix Losers	Price	+/-	% change
Polypipe Group PLC	430.5	-51.5	-10.7
TUI AG	265.0	-31.1	-10.5
BT Group plc	105.0	-9.3	-8.1
Hurricane Energy Plc	11.5	-0.85	-6.9
Essentra plc	251.4	-12.2	-4.6

Sector Losers	% change	Mkt Wt
FTSE All-Share / Oil Equipment, Services & Distribution - SEC	0.0	0.1
FTSE All-Share / Oil & Gas Producers - SEC	0.0	9.0
FTSE All-Share / Food Producers - SEC	0.0	0.7
FTSE All-Share / Travel & Leisure - SEC	0.0	3.7
FTSE All-Share / Leisure Goods - SEC	0.0	0.1

Stocks Hitting Relative High
Ashtead Group plc
Experian PLC
GVC Holdings PLC
Halma plc
Ocado Group PLC
Renishaw plc
Smith & Nephew plc

Stocks Hitting Relative Low
BT Group plc
Hunting PLC
International Consolidated Airlines Group SA
TUI AG
Urban&Civic PLC
-
-

Companies discussed in Morning Meeting

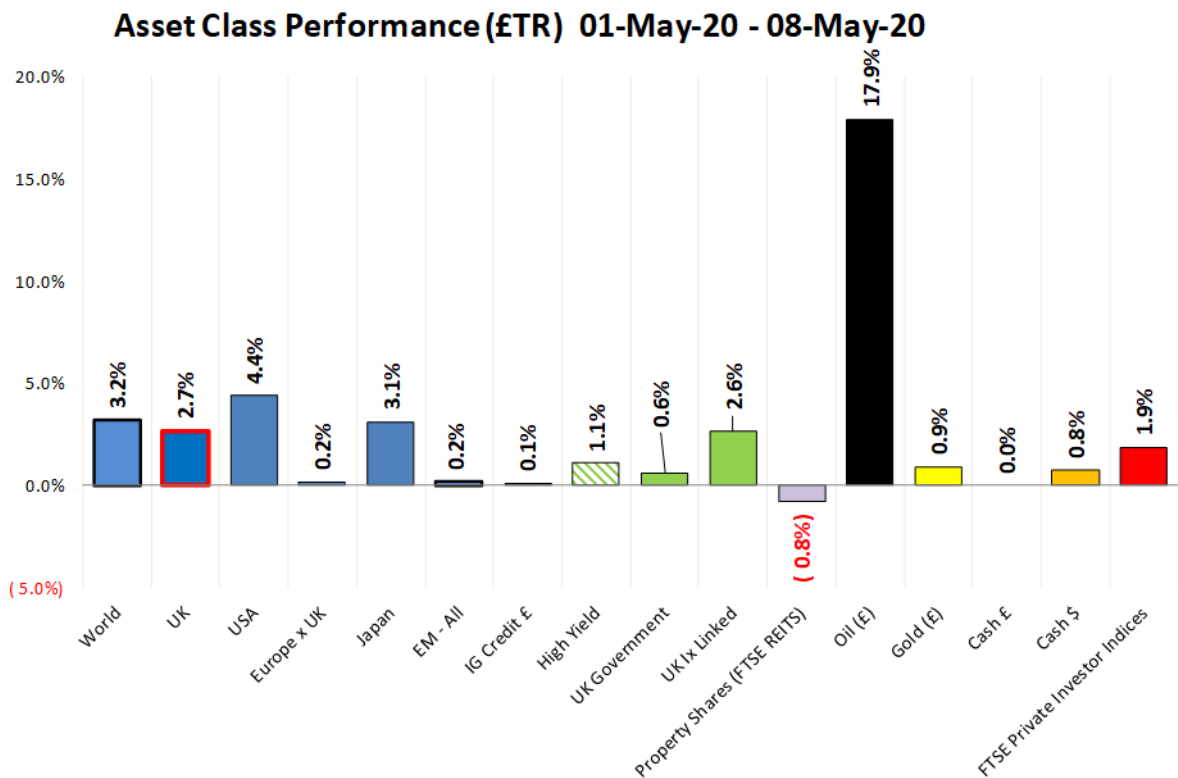
UK Equities

Rio Tinto	Update
Victrex	Company Results

International Equities

Danaher	Quarterly Results
EOG	Quarterly Results
ING Groep	Quarterly Results
Linde	Quarterly Results

- Whilst the UK was on Bank Holiday global equity markets, led by the US, closed the week firmly.
- This morning markets have woken with a positive tone (+1% across the Far East) following through from the US on Friday and encouraged by solid Chinese auto sales data.
- On Friday, US markets rose by 1.6% as the release of the US Employment data was well received. The 20.5m decline in April nonfarm payrolls and 14.7% unemployment rate were slightly better than forecasts (some projections had guesstimated as high as 20%). The vast majority of unemployed (78%) were "on temporary layoff" compared to 11% who were "not on temporary layoff". These two categories will be key to gauging the recovery.
- On Friday, Eurogroup finance ministers agreed on details of the €240bn ESM pandemic tool, which should be available from mid-May. There remains, however, no word on the fundamentally more important EU Recovery Fund, which will provide fiscal support underwritten by all members. The contrast between the European response and the responses elsewhere is marked.

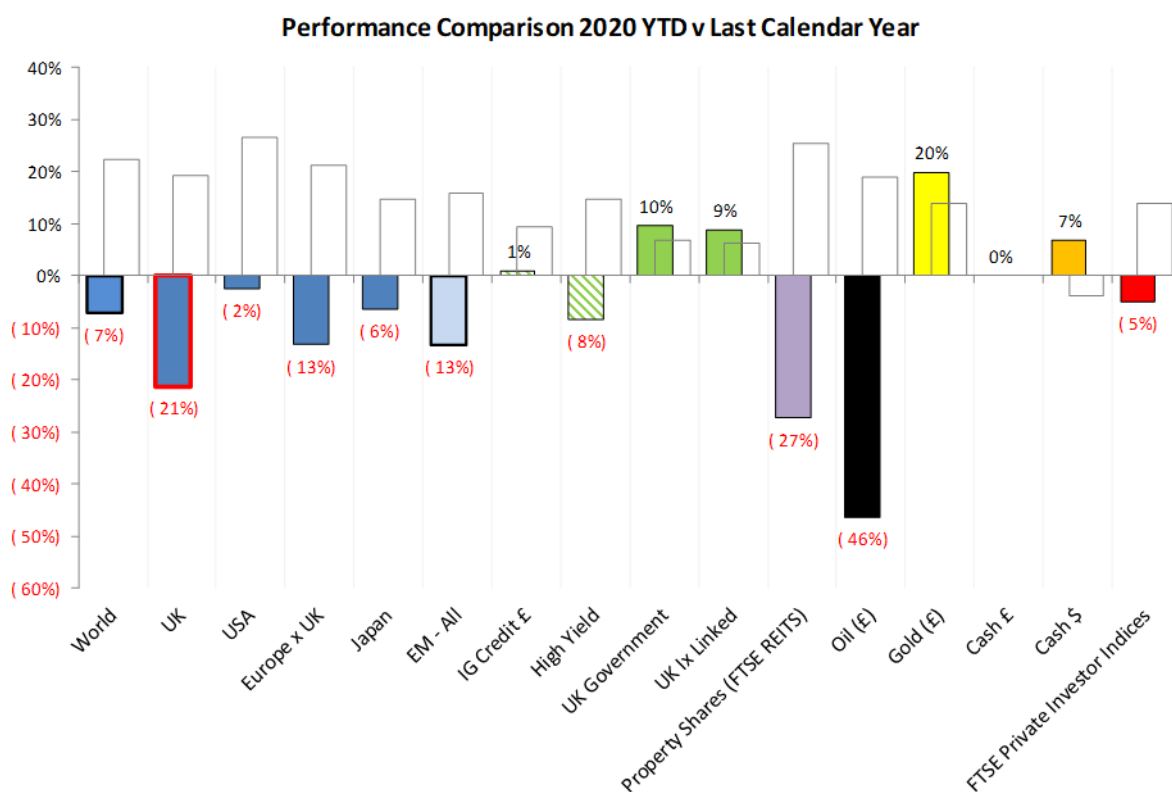


- For the week as a whole, risk assets were firm, with Global Equities up by over 3% in sterling.
- VIX fell materially to just under 28 from 37 at the close of the previous week and is now at the lowest level since the end of February.
- Fixed Income markets saw US Treasury Yields closing at 0.68%, up 7 basis points for the week. UK 10 year gilt yields were down by 3 basis points to 0.24%. Bunds are flat at negative 0.54%. US Dollar Investment Grade spreads rose fractionally to 2.1%, whilst High Yield spreads fell by 20 basis points to 7.25%.
- In currency markets – the pound traded broadly flat against the dollar for the week, just above \$1.24. This morning it has dipped just below the 1.24 level.
- Commodity markets saw Brent Crude up 17% to just over \$30. Gold was flat at \$1700/oz.

The performance of financial markets was impressive in the face of some material challenges, which included an escalation of the heated rhetoric between the Trump administration and China – with threats to rip up the phase 1 trade deal if China does not follow through on purchase agreements and also of sanctions (through trade) if the US decides China had material responsibility for COVID.

At the end of the week, Mike Pompeo delayed an annual report to Congress, whose purpose is to affirm (or not) HK's status as an autonomy. This appears to be a warning to China not to tighten controls.

Aside from this, downbeat EU economic forecasts, weak global PMIs, confusion sown by the German constitutional court about the mandate of the ECB and a busy week for corporate earnings which saw 250 US & European blue chips report, all had the potential to disrupt. The US has now seen over 80% of the S&P Composite report, with the numbers tracking to deliver 14% y/y contraction in earnings. Over 60% of companies have exceeded published estimates, only slightly less than “average”.

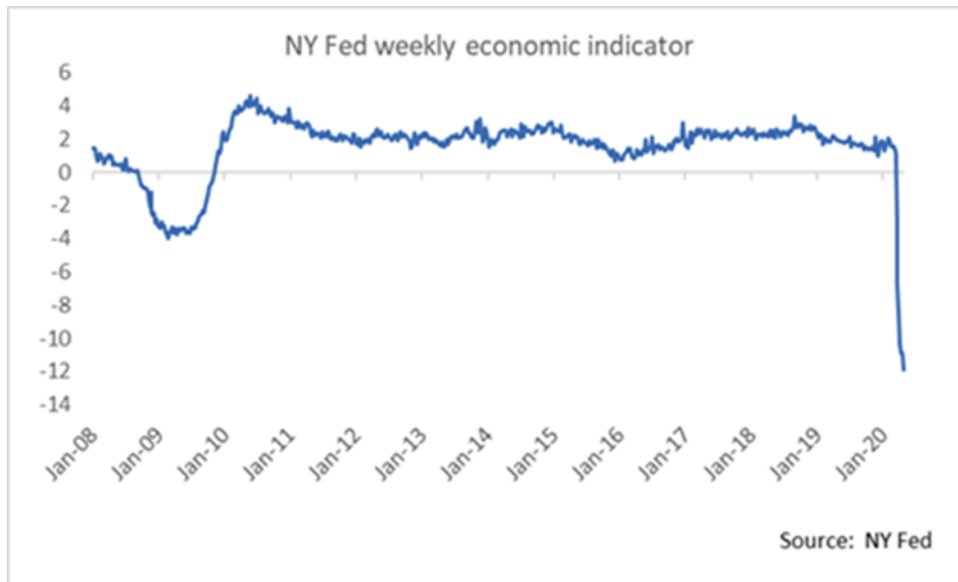


Covid Update

- UK plan for gradual release from lockdown using an alert scheme suggests we will see a slower, Weak U, shaped recovery.
- There have now been 4.2m cases globally with 283k deaths. The number of new daily cases is at just over 86k – broadly flat with the new case incidence over the past six weeks.
- The US accounts for 30% of new daily infections, down from 36% last week. The most concerning countries remain Russia (10k average up 50% week on week), Brazil (8.5k average, up 56% week on week), India (3.2k up 70% week on week) and Peru (3.2k average, up 31% week on week).
- The global pandemic currently largely remains a DM problem, but it is rapidly shifting to an EM one. Both Russia and Brazil account for 12% of daily new infections.

This Week

High Frequency economic data is closely watched, although there is less of it in the week ahead. The NY Fed's weekly economic indicator points to the US economy currently running at -11.9%, the fourth week the economy has been running at worse than -10% yoy.



- This is broadly consistent with Deutsche Bank's forecast of real GDP contraction of nearly 40% annualized in the second quarter. They expect that following this, Q3 & Q4 growth will average about 10%, so this would leave real GDP down 8.0% this year. Very much a "Weak U" picture, extending into 2021, since they assume no widespread availability of vaccine / treatment.
- The key question remains the shape of the recovery, not the depth of the trough. A key determinant of this is the speed and comprehensiveness of the release from lock-downs.
- Experience in China continues to suggest that Weak-U or Mid-U are realistic expectations if the same "alert level" scheme is used and no vaccine is available. The UK's policy, as described by Prime Minister Johnson, appears similar to China's, with the ability to raise or lower the restrictions on personal freedom based on threat.

The earnings season is winding down, with 91 Blue Chips from the S&P (71) and the EuroStoxx (20) scheduled to report.

Calendar Items of Note:

- Monday 11
 - Brexit Talks
- Tuesday 12
 - China – CPI /PPI
 - Vodafone earnings

- Wednesday 13
 - Fed Chair Powell speaks to the Peterson institute via webinar. The topic of negative rates for the US is expected to be addressed, and put to bed, again.
 - Cisco Earnings
- Thursday 14
 - US Weekly Jobless Data
 - China – Retail Sales
 - Deutsche Telekom Earnings
- Friday 15
 - US Retail Sales, Industrial Production
 - Germany Q1 GDP

Events Calendar

Date	Company	Event
08 May 2020	Dentsply Sirona, 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
14 May 2020	Prudential Plc	Q1 2020 Sales and Revenue 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	The Home Depot, Inc.	Q1 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
21 May 2020	Palo Alto Networks, Inc.	Q3 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
27 May 2020	Babcock International Group Plc	Q4 2020 Earnings Release
27 May 2020	The British Land Co. Plc	Q4 2020 Earnings Release
27 May 2020	Britvic Plc	Q2 2020 Earnings Release
28 May 2020	Daily Mail & General Trust Plc	Q2 2020 Earnings Release
28 May 2020	Johnson Matthey Plc	Q4 2020 Earnings Release
28 May 2020	Costco Wholesale Corp.	Q3 2020 Earnings Release

	Monday 11th May	Tuesday 12th May	Wednesday 13th May	Thursday 14th May	Monday 15th May
UK		GDP SA Y/Y (Preliminary) GDP SA Q/Q (Preliminary)	Industrial Production SA M/M Industrial Production SA Y/Y Manufacturing Production SA M/M Construction Output Y/Y		
US		CPI NSA Y/Y Treasury Budget NSA	ADP Employment Survey SA	Initial Claims SA	Retail sales Ex AutoFuel M/M Retail Sales ex-Auto SA M/M Retail Sales SA M/M Capacity Utilization NSA Industrial Production SA M/M Business Inventories SA M/M JOLTS Job Openings Michigan Sentiment NSA (Preliminary)
RoW			EU - Industrial Production SA M/M EU - Industrial Production WDA Y/Y	FR - Unemployment Rate GR – CPI EU Harmonized NSA Y/Y (Final)	EU - GDP SA Y/Y (Second Preliminary) FR - CPI NSA M/M (Final) GR - GDP SA Q/Q (Preliminary)

Central Bank Meetings

European Central Bank	4 th June 2020
Federal Reserve	10 th June 2020
Bank of England	18 th June 2020

Disclaimer

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