

Morning Meeting

13 May 2020

	Index	+/-	% change
FTSE 100	5994.8	55.0	0.9
FTSE All-Share	3294.6	21.4	0.7
DJ Industrial Average	23764.8	-457.2	-1.9
S&P 500	2870.1	-60.2	-2.1
NASDAQ Composite Index	9002.6	-189.8	-2.1
Nikkei Japan 1000 Index	1759.3	-4.6	-0.3
Hang Seng Index	24245.7	-356.4	-1.4
EURO STOXX 50 (EUR)	2884.2	0.4	0.0
Switzerland SMI (PR)	9733.5	43.8	0.5
France CAC 40	4472.5	-17.7	-0.4
Germany DAX (TR)	10819.5	-5.5	-0.1

Currencies		+/-	12 month range	
£:\$	1.233	0.00	1.15	1.33
Y:\$	107.235	-0.28	102.55	112.09
E:£	1.134	-0.01	1.07	1.20
E:\$	1.087	0.00	1.07	1.14
10 Yr Bond	Yld %	+/-	-3 months	-12 months
UK	0.24	-0.01	0.62	1.22
US	0.68	-0.04	1.63	2.45
Germany	-0.51	0.02	-0.38	-0.04
	Price (p)	+/-	12 month range	
Investec plc	150.6	-1	128.8	518.6

Matrix Winners	Price	+/-	% change
Smart Metering Systems PLC	639.0	-4.0	-0.6
Riverstone Energy Limited	263.0	3.0	1.2
Hargreaves Lansdown plc	1610.0	25.0	1.6
Essentra plc	256.0	-7.6	-2.9
Dechra Pharmaceuticals PLC	2886.0	-50.0	-1.7

Sector Winners	% change	Mkt Wt
FTSE All-Share / Technology Hardware & Equipment - SEC	-1.6	0.1
FTSE All-Share / Tobacco - SEC	3.45	4.7
FTSE All-Share / Leisure Goods - SEC	-1.83	4.7
FTSE All-Share / Beverages - SEC	1.8	3.9
FTSE All-Share / Industrial Transportation - SEC	2.2	0.2

Matrix Losers	Price	+/-	% change
Centrica plc	35.6	-0.76	-2.1
Marks and Spencer Group plc	93.0	5.4	6.2
Ted Baker PLC	138.4	0.70001	0.5
Micro Focus International plc	449.8	2.8	0.6
Evraz PLC	254.6	1.3	0.5

Sector Losers	% change	Mkt Wt
FTSE All-Share / Industrial Metals & Mining - SEC	1.0	0.1
FTSE All-Share / Health Care Equipment & Services - SEC	0.7	1.1
FTSE All-Share / Construction & Materials - SEC	-0.5	1.4
FTSE All-Share / Oil Equipment, Services & Distribution - SEC	0.6	0.1
FTSE All-Share / Aerospace & Defense - SEC	1.2	1.6

Stocks Hitting Relative High
Ashted Group plc
Dechra Pharmaceuticals PLC
John Laing Group Plc
Ocado Group PLC
Renishaw plc

Stocks Hitting Relative Low
easyJet plc
Hunting PLC
International Consolidated Airlines Group SA
Lloyds Banking Group plc
Marks and Spencer Group plc

Companies discussed in Morning Meeting

UK Equities

Ferguson	Company Results
Premier Oil	Company Update
Sage Group	Company Update
Spirax-Sarco	Company Update
Taylor Wimpey	Company Update

International Equities

L'Oréal	Company Update
----------------	----------------

- Yesterday was a mixed one for risk assets, with the UK equities up around 1% and Europe little changed before a sell-off in the US that saw the main indices down around 2% in light volumes. A number of factors may have contributed, including the threat of US sanctions on China, poor economic data, an extension to lockdown in Los Angeles, the expectation of significant equity issuance and a number of gloomy coronavirus-related comments. Real Estate was the worst performing sector (-4%) on concerns that working from home will become more permanent, with negative implications for office owners; yesterday Twitter told its employees they could work from home permanently if they so choose. On a day when all US equity sectors fell, Consumer Staples was a relative outperformer, down only 87bps.
- Goldman Sachs revised its expectations for the recession; it still expects a V-shape, but now with both the down-leg and up-leg longer. One person who disagrees with the V-shape scenario is George Soros's former right-hand man, Stanley Druckenmiller, who described it as 'fantasy' and said the risk-reward set-up for equities is possibly as bad as he's ever seen.
- The risk-off tone in the US was reflected in the government bond market, where the US-Treasury 10-year yield was down 4.5bps. In commodities, WTI oil was up 7%, partially closing the gap with Brent (+1.2%).
- The latest data on the coronavirus pandemic saw a further small decline in the growth rate of new cases to 2.1%. Fatalities, however, grew a little faster than recent days at 1.9%. In France, Italy and Germany the growth rate in new cases is now no higher than 0.5%. It remains higher than that in the US (1.6%) and the UK, although the UK didn't see the common Tuesday spike – albeit fatalities did increase. Russia has overtaken Spain and the UK to become the country with the second highest number of cases, but this reflects extensive testing and a large population; it has the third-lowest infection rate per million of population among the ten most affected countries.
- Measures to relax lockdowns continue, with a partial return to work in the UK from today, although the government furlough scheme has been extended until October. France and Germany have reopened their border and bars, restaurants, hairdressers and beauty salons will begin to reopen in Italy from 18th May. In the US the Director of the National Institute of Allergy and Infectious Diseases, warned the senate against reopening the economy too quickly, saying it could lead to avoidable suffering and death. In China, city-wide testing will take place in Wuhan over the next ten days following a spike in new cases. In the US, home testing kits are being made available to anyone with symptoms or who has been exposed to the virus, and Gilead will license Remdesivir to five generic manufacturers in India and Pakistan to help meet anticipated demand.
- The main economic data point reported yesterday was US CPI for April. The core measure fell 0.4%, the biggest decline since the data series began in 1957. Small business optimism was also (unsurprisingly) weak, with the index reading of 90.9 for April the lowest since March 2013. In India, industrial production fell 16.7% in March, much worse than the consensus at -8.0%. A couple of Fed members spoke yesterday and didn't provide much cheer. Bullard said that if businesses remain closed for 90 or 120 days the US runs the risk of entering a depression, while Kaplan said that if unemployment peaks at 20% and is still at 10% at the end of the year another fiscal stimulus may be required. Yesterday, House Democrats proposed a \$3trn stimulus bill comprising state and local government aid, direct cash payments, and expanded unemployment and other benefit spending. Also on the political front Senator Lindsay Graham proposed a bill that would enable the President to impose sanctions on China if it fails to account for its role in the spread of coronavirus.
- Today, we have already seen the UK GDP figure for March, which reflects only the first couple of weeks of coronavirus impact. It was -5.8% which was nevertheless better than consensus expectation of -7.9%. The main event today will be Fed Chairman Powell's comments to the Peterson Institute (2pm UK time) which will be scrutinised for hints about the future path of policy. Of particular interest will be what he says about negative interest rates, a policy that President Trump said yesterday he supports but which has generally been opposed by the Fed.

- Overnight in Asia equities initially took their lead from Wall Street but later rallied with a number of markets closing in positive territory. In the UK the FTSE 100 opened around 1% lower though it is notable that among the few risers are Ferguson, Sage, Spirax-Sarco and Taylor Wimpey, all of which have released earnings or trading updates this morning. A sign that the bad news is in the price, or a false dawn?

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

The information in this document is for private circulation and is believed to be correct but cannot be guaranteed. Opinions, interpretations and conclusions represent our judgement as of this date and are subject to change. The Company and its related Companies, directors, employees and clients may have positions or engage in transactions in any of the securities mentioned. Past performance is not necessarily a guide to future performance. The value of shares, and the income derived from them, may fall as well as rise. The information contained in this publication does not constitute a personal recommendation and the investment or investment services referred to may not be suitable for all investors; therefore we strongly recommend you consult your Professional Adviser before taking any action. Copyright Investec Wealth & Investment Limited. Reproduction prohibited without permission.

Member firm of the London Stock Exchange. Authorised and regulated by the Financial Conduct Authority. Investec Wealth & Investment Limited is registered in England. Registered No. 2122340. Registered Office: 2 Gresham Street, London EC2V 7QP.