

Morning Meeting

21 May 2020

	Index	+/-	% change
FTSE 100	6067.2	64.9	1.1
FTSE All-Share	3333.9	31.1	0.9
DJ Industrial Average	24575.9	369.0	1.5
S&P 500	2971.6	48.7	1.7
NASDAQ Composite Index	9375.8	190.7	2.1
Nikkei Japan 1000 Index	1781.6	10.1	0.6
Hang Seng Index	24400.0	11.8	0.0
EURO STOXX 50 (EUR)	2942.4	39.8	1.4
Switzerland SMI (PR)	9790.9	26.6	0.3
France CAC 40	4497.0	38.8	0.9
Germany DAX (TR)	11223.7	148.4	1.3

Currencies		+/-	12 month range	
£:\$	1.227	0.00	1.15	1.33
Y:\$	107.435	-0.50	102.55	112.09
E:£	1.116	0.00	1.07	1.20
E:\$	1.099	0.00	1.07	1.14
10 Yr Bond	Yld %	+/-	-3 months	-12 months
UK	0.23	-0.02	0.58	1.15
US	0.68	-0.03	1.52	2.41
Germany	-0.47	0.00	-0.44	-0.08
	Price (p)	+/-	12 month range	
Investec plc	161.1	-2.14998	128.8	518.6

Matrix Winners	Price	+/-	% change
Marks and Spencer Group plc	95.0	9.2	10.8
Ted Baker PLC	150.8	12.6	9.1
Experian PLC	2708.0	186.0	7.4
Playtech plc	244.9	13.9	6.0
DCC Plc	6488.0	368.0	6.0

Sector Winners	% change	Mkt Wt
FTSE All-Share / Leisure Goods - SEC	3.4	0.1
FTSE All-Share / Technology Hardware & Equipment - SEC	3.38	0.1
FTSE All-Share / Support Services - SEC	3.23	0.1
FTSE All-Share / Forestry & Paper - SEC	2.4	0.4
FTSE All-Share / Health Care Equipment & Services - SEC	2.3	1.1

Matrix Losers	Price	+/-	% change
Shaftesbury PLC	517.0	-36	-6.5
Hunting PLC	158.4	-10.6	-6.3
Micro Focus International plc	424.1	-27.5	-6.1
Secure Income REIT PLC	229.5	-14	-5.7

Sector Losers	% change	Mkt Wt
FTSE All-Share / Household Goods & Home Construction - SEC	-1.9	3.9
FTSE All-Share / Real Estate Investment & Services - SEC	-1.8	0.3
FTSE All-Share / Real Estate Investment Trusts - SEC	-1.5	2.3
FTSE All-Share / Food Producers - SEC	-0.7	0.7
FTSE All-Share / Industrial Transportation - SEC	-0.3	0.3

Stocks Hitting Relative High
Ashtead Group plc
Experian PLC
Keywords Studios plc
Rentokil Initial plc
-
-
-

Stocks Hitting Relative Low
Associated British Foods plc
Aviva plc
Equiniti Group Plc
HSBC Holdings Plc
Hunting PLC
Land Securities Group PLC
Secure Income REIT PLC

Companies discussed in Morning Meeting

UK Equities

Aviva	Company Update
EasyJet	Company Update
Great Portland Estates	Company Results
Intertek	Company Results
Tate & Lyle	Company Results
Whitbread	Company Update
International Equities	None

- Yesterday saw further equity market price gains despite the number of confirmed Covid-19 cases reaching more than 5 million. Developed world equity markets rose between 1% and 2%, adding to previous gains this month. The US tech sector continues to lead the way with the Nasdaq up more than 5% this month. US energy stock prices performed strongly yesterday, finishing the day nearly 4% higher as crude prices climbed by more than 5%. Core government bond yields were marginally lower in response to dovish tones from central banks. In today's trading, equity markets have opened weaker, partly in response to continued tensions between the US and China.
- One of the biggest news stories in bond markets yesterday was the admission by Andrew Bailey, Governor of the Bank of England, that the use of negative interest rates was being considered as a monetary tool for the UK. Previously, the new Governor had said that the UK would not use negative interest rates because of the damage they inflict on the banking sector (as is observed in Europe). However, he said further work was required to understand the ramifications before such a policy was used. Yesterday saw a new issue three year gilt achieving an interest rate of slightly less than 0%.
- The minutes to the 28/29 April Federal Reserve meeting were published last night. As expected they reiterated the message that the Fed is committed to use the "full range of tools" amidst the significant headwinds facing the economy. Unsurprisingly there were signs of concern about the possibility of a second wave of infections in the autumn combined with short term worries about the risk of more permanent economic damage. Fed officials debated ways to give clearer guidance on the future path for monetary policy which the committee considered could include a stronger pledge to keep rates close to zero until certain recovery milestones such as unemployment and/or inflation targets had been achieved. A date based approach to forward guidance was also considered. Fed Chair Powell recently said that negative rates is not something the committee is reviewing.
- A large fiscal stimulus package for China is expected to be announced on 22 May, during Premier Li's delivery of the Government Works Report to the National People's Congress. The augmented fiscal deficit using the IMF concept is likely to rise by 5% from 2019's 12.7% with a focus on boosting traditional and new infrastructure investment as well as consumption. However, the government may not set a GDP growth target for this year.
- The accompanying helpful table from Citi shows its various economic projections. However, any economic projections should be treated with great caution in the current uncertain environment.

Figure 44. Selected Economies — Economic Forecast Overview (Percent), 2019-2024F

	GDP Growth						CPI Inflation						Central Bank Policy Rates					
	2019	2020	2021	2022	2023	2024	2019	2020	2021	2022	2023	2024	2019	2020	2021	2022	2023	2024
Global	2.7	-3.6	5.7	3.1	2.9	2.9	2.5	2.0	2.5	2.4	2.4	2.3	2.82	1.71	1.58	1.88	2.07	2.25
Based on PPP weights	3.1	-3.1	5.8	3.8	3.7	3.7	3.2	2.8	3.2	3.1	3.0	2.9	4.04	2.76	2.87	3.15	3.35	3.43
Industrial Countries	1.7	-5.4	5.2	2.1	1.7	1.6	1.3	0.7	1.6	1.7	1.7	1.8	1.16	0.24	0.20	0.65	0.85	0.95
United States	2.3	-3.3	4.1	1.6	1.8	1.8	1.4	0.9	2.0	2.0	2.0	2.0	2.28	0.50	0.44	1.38	1.75	1.75
Japan	0.7	-7.1	4.2	1.0	0.7	0.7	0.5	0.0	-0.1	0.7	0.8	1.0	-0.10	-0.10	-0.08	0.00	0.03	0.10
Euro Area	1.2	-7.0	7.3	2.5	1.6	1.6	1.2	0.6	1.5	1.7	1.7	1.7	0.00	0.00	0.00	0.00	0.00	0.00
Canada	1.6	-4.8	3.9	1.9	1.7	1.7	1.9	1.2	2.1	1.8	1.7	1.8	1.75	0.25	0.31	1.13	1.75	1.75
Australia	1.8	-4.1	3.9	3.0	2.7	2.5	1.6	1.1	2.1	2.3	2.4	2.4	1.13	0.25	0.25	0.38	1.13	1.94
New Zealand	2.3	-6.3	7.1	1.4	4.8	2.4	1.6	1.2	1.7	2.0	1.9	2.0	1.31	0.25	0.25	0.63	1.63	2.44
Germany	0.6	-5.4	6.7	3.9	2.0	1.7	1.4	1.2	1.8	1.6	1.8	1.8						
France	1.3	-8.8	9.4	1.4	1.5	1.6	1.3	0.6	1.5	1.8	1.7	1.7						
Italy	0.3	-9.6	7.6	1.0	0.9	0.7	0.6	-0.1	0.9	1.0	0.8	0.7						
Spain	2.0	-9.3	9.0	2.9	1.5	1.4	0.8	-0.2	1.4	1.5	1.7	1.7						
Greece	1.9	-7.8	7.3	2.3	1.5	1.5	0.5	-0.2	0.4	0.5	0.7	0.9						
Portugal	2.2	-7.7	8.8	1.9	1.5	1.5	0.3	0.4	1.1	1.3	1.5	1.7						
Netherlands	1.8	-4.3	4.1	1.8	1.6	1.6	2.7	0.9	1.4	1.5	1.6	1.6						
Belgium	1.4	-5.7	6.2	1.2	1.1	1.2	1.3	0.6	1.7	2.0	2.1	2.1						
Norway	2.4	-6.6	7.5	3.2	1.8	1.6	2.2	1.1	2.8	2.1	2.0	2.0	1.15	0.33	0.00	0.33	0.65	0.96
Sweden	1.3	-5.5	5.8	4.1	2.8	2.3	1.7	0.3	1.5	1.6	1.8	2.0	-0.26	0.00	0.00	0.00	0.00	0.00
Switzerland	0.9	-5.6	4.1	1.9	1.7	1.7	0.4	-0.5	0.1	0.3	0.7	1.4	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
United Kingdom	1.4	-10.4	6.1	5.7	2.2	1.4	1.8	0.7	1.4	1.7	1.5	1.5	0.75	0.23	0.10	0.10	0.10	0.10
Emerging Markets	3.8	-1.3	6.3	4.4	4.3	4.4	4.0	3.7	3.6	3.3	3.1	2.9	5.02	3.65	3.36	3.43	3.53	3.54
China	6.1	2.4	8.2	5.5	5.3	5.1	2.9	3.2	2.2	1.9	1.8	1.7	3.29	2.80	2.65	2.65	2.65	2.65
Taiwan	2.7	1.7	2.2	2.0	2.0	2.0	0.6	-0.1	1.2	1.3	1.3	1.3	1.38	1.03	1.09	1.31	1.69	1.69
India	4.7	-3.5	9.2	6.7	7.0	7.1	4.8	3.9	4.1	4.0	3.9	4.1	5.37	3.98	3.90	4.40	4.40	4.40
Indonesia	5.0	-3.7	5.9	4.6	4.5	5.2	2.8	2.9	2.7	3.4	3.5	3.0	5.75	4.19	4.25	4.75	5.00	5.00
Korea	2.0	0.2	3.1	2.4	2.4	2.3	0.4	0.5	1.4	1.5	1.4	1.4	1.38	0.56	0.69	1.00	1.25	1.25
Czech Republic	2.6	-7.8	7.9	3.1	2.6	2.3	2.8	2.4	1.1	2.2	2.5	1.9	1.92	0.65	0.05	0.18	0.90	1.33
Hungary	4.9	-6.3	5.5	3.6	2.8	3.0	3.3	3.1	3.5	3.2	3.0	2.7	0.90	0.90	0.90	0.96	1.41	1.50
Poland	4.1	-5.0	3.8	3.2	2.7	2.5	2.3	3.0	1.6	2.4	2.6	2.3	1.50	0.71	0.50	0.58	1.17	1.50
Romania	4.1	-6.1	7.0	3.7	3.2	3.2	3.8	2.6	2.2	3.1	3.2	3.0	2.50	1.81	1.56	2.13	2.75	3.31
Russia	1.3	-4.3	3.9	2.5	2.5	2.5	4.5	3.2	3.4	4.0	4.0	4.0	7.33	5.02	4.58	5.00	5.00	5.00
Turkey	0.9	-4.1	4.4	3.3	3.4	3.4	15.2	11.7	13.5	10.4	9.3	8.9	20.64	11.37	14.63	12.81	11.56	11.50
Egypt	5.6	3.1	4.8	5.4	5.0	5.2	9.2	6.3	7.0	7.1	7.2	7.1	14.71	9.04	9.04	9.00	9.25	9.25
Nigeria	2.2	1.2	2.5	3.4	3.3	3.9	11.4	12.1	14.1	11.7	10.3	5.7	10.70	12.50	11.00	10.50	9.50	12.21
South Africa	0.2	-10.1	2.9	0.9	1.3	2.0	4.1	2.7	3.5	4.3	4.4	4.5	6.64	4.00	3.65	4.54	5.00	5.00
Argentina	-2.2	-8.5	5.5	2.0	1.5	1.5	53.5	55.3	60.7	43.0	39.0	35.0	57.13	52.50	39.00	29.50	29.00	25.00
Brazil	1.1	-6.5	4.0	2.0	2.0	2.0	3.7	2.5	3.4	3.4	3.5	3.5	5.96	2.92	2.27	3.38	5.25	6.25
Mexico	-0.1	-9.0	4.8	1.9	2.1	2.4	3.6	2.9	3.2	3.5	3.7	3.7	8.00	5.40	4.50	4.50	4.50	4.50

Note: For inflation, we use the PCE deflator in the US, CPIF for Sweden and the San Luis inflation data for Argentina. Figures for Norway refer to mainland economy (except for CPI). For Indonesia we refer to 7d reverse repo rate from 2016 onwards. For China we refer to 1d standing lending facility. Figures refer to the average of the year.

Source: Citi Research

Events Calendar

Date	Company	Event
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	Aviva Plc	Q1 2020 Sales and Revenue 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	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	Costco Wholesale Corp.	Q3 2020 Earnings Release
03 June 2020	Chemring Group Plc	Q2 2020 Earnings Release
03 June 2020	Costco Wholesale Corp.	May 2020 Sales and Revenue Release
04 June 2020	Auto Trader Group Plc	Q4 2020 Earnings Release
04 June 2020	Intermediate Capital Group Plc	Q4 2020 Earnings Release
04 June 2020	Pennon Group Plc	Q4 2020 Earnings Release

	Monday 18th May	Tuesday 19th May	Wednesday 20th May	Thursday 20th May	Friday 21st May
UK		ILO Unemployment Rate 3-M	CPI Core NSA Y/Y CPI EU Harmonized NSA Y/Y PPI Output NSA Y/Y ONS House Price NSA Y/Y	Retail Sales SA Y/Y CIPS Manufacturing PMI SA (Preliminary) CIPS Services PMI SA (Preliminary) CBI Industrial Trends Total Orders NSA M/M	
US	NAHB Housing Market Index SA	Housing Starts SAAR	FOMC Minutes	Initial Claims SA Philadelphia Fed Index SA Markit PMI Manufacturing SA (Preliminary) Markit PMI Services SA (Preliminary) Existing Home Sales SAAR Leading Indicators SA M/M	
RoW			EU - CPI EU Harmonized Y/Y (Final) EU - Consumer Confidence Indicator (Flash)	EU - Markit PMI Composite SA (Preliminary) EU - Markit PMI Services SA (Preliminary)	EU - Markit PMI Manufacturing SA (Preliminary)

Central Bank Meetings

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

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