

## Morning Meeting

5 June 2020

|                         | Index   | +/-    | % change |
|-------------------------|---------|--------|----------|
| FTSE 100                | 6341.4  | -41.0  | -0.6     |
| FTSE All-Share          | 3510.0  | -21.8  | -0.6     |
| DJ Industrial Average   | 26281.8 | 11.9   | 0.0      |
| S&P 500                 | 3112.4  | -10.5  | -0.3     |
| NASDAQ Composite Index  | 9615.8  | -67.1  | -0.7     |
| Nikkei Japan 1000 Index | 1915.3  | 5.9    | 0.3      |
| Hang Seng Index         | 24366.3 | 40.7   | 0.2      |
| EURO STOXX 50 (EUR)     | 3261.7  | -7.9   | -0.2     |
| Switzerland SMI (PR)    | 10075.7 | -108.1 | -1.1     |
| France CAC 40           | 5012.0  | -10.4  | -0.2     |
| Germany DAX (TR)        | 12430.6 | -56.8  | -0.5     |

| Matrix Winners         | Price | +/-  | % change |
|------------------------|-------|------|----------|
| Hurricane Energy Plc   | 8.2   | 1.2  | 17.1     |
| Ascential Plc          | 297.0 | 25.4 | 9.4      |
| Secure Income REIT PLC | 293.5 | 24.0 | 8.9      |
| easyJet plc            | 833.0 | 48.6 | 6.2      |
| Playtech plc           | 319.4 | 14.8 | 4.9      |

| Matrix Losers                  | Price  | +/-   | % change |
|--------------------------------|--------|-------|----------|
| Hammerson plc                  | 119.0  | -18.8 | -13.6    |
| Intermediate Capital Group plc | 1281.0 | -105  | -7.6     |
| Urban&Civic PLC                | 226.5  | -13   | -5.4     |
| Pennon Group Plc               | 1134.0 | -59   | -4.9     |

### Stocks Hitting Relative High

CRH Plc  
 Bunzl plc  
 Chemring Group PLC

| Currencies   |           | +/-   | 12 month range |            |
|--------------|-----------|-------|----------------|------------|
| £:\$         | 1.261     | 0.00  | 1.15           | 1.33       |
| Y:\$         | 109.005   | 0.18  | 102.55         | 112.09     |
| E:£          | 1.111     | -0.01 | 1.07           | 1.20       |
| E:\$         | 1.134     | 0.01  | 1.07           | 1.14       |
| 10 Yr Bond   | Yld %     | +/-   | -3 months      | -12 months |
| UK           | 0.31      | 0.04  | 0.38           | 0.99       |
| US           | 0.81      | 0.05  | 0.99           | 2.12       |
| Germany      | -0.32     | 0.05  | -0.63          | -0.20      |
|              | Price (p) | +/-   | 12 month range |            |
| Investec plc | 175.15    | 2.65  | 128.8          | 518.6      |

| Sector Winners                                   | % change | Mkt Wt |
|--|----------|--------|
| FTSE All-Share / Mobile Telecommunications - SEC | 0.6      | 1.9    |
| FTSE All-Share / Food Producers - SEC            | 0.52     | 0.7    |
| FTSE All-Share / Construction & Materials - SEC  | 0.39     | 0.7    |
| FTSE All-Share / Forestry & Paper - SEC          | 0.3      | 0.4    |
| FTSE All-Share / Nonlife Insurance - SEC         | 0.1      | 1.1    |

| Sector Losers  | % change | Mkt Wt |
|--|----------|--------|
| FTSE All-Share / Leisure Goods - SEC                   | -3.0     | 0.1    |
| FTSE All-Share / Technology Hardware & Equipment - SEC | -2.9     | 0.1    |
| FTSE All-Share / Electricity - SEC                     | -2.6     | 0.7    |
| FTSE All-Share / Gas, Water & Multiutilities - SEC     | -2.0     | 2.6    |
| FTSE All-Share / Industrial Metals & Mining - SEC      | -1.7     | 0.1    |

### Stocks Hitting Relative Low

-  
 -  
 -

## Companies discussed in Morning Meeting

### UK Equities

|                    |                |
|--------------------|----------------|
| <b>Mondi</b>       | Company Update |
| <b>Premier Oil</b> | Company Update |

- Yesterday the ECB launched its 'whatever it takes' stimulus package. Actually it would be more accurately described as 'whatever else it takes', given that it has already had one go. Nevertheless it is putting more pep into the PEPP (Pandemic Emergency Purchase Programme), increasing it by €600bn to a total of €1350bn. The €600bn increase was ahead of consensus expectations of €500bn. The period over which the ECB will conduct purchases has also been extended, from end-2020 until at least mid-2021 and maturing principal payments from securities purchased under the plan will be reinvested until at least end-2022. In response to the announcement sovereign debt in Southern European countries rallied strongly, as did the €, up nearly 1% against a generally weak dollar, and Eurozone inflation expectations; the 5yr/5yr expectation increased by 5.5bps to the dizzying heights of 1.07%.
- Not to be outdone by Europe, the US expects to provide another \$1trn of stimulus, but probably not before mid-July as some Republicans in Congress seeking to slow the rate of growth of government spending will try and stall until after the two-week recess beginning on 3<sup>rd</sup> July.
- Yesterday was a poor one for risk assets. In the US the S&P 500 closed -35bps, down 10bps from the European close. A variety of factors was at play, including US/China tensions as President Trump criticised China over Hong Kong and the Phase 1 trade deal (although his trade representative Robert Lighthizer was more conciliatory) and Secretary of State Pompeo appeared to threaten the future of US listings of Chinese firms. There were also growing concerns about a second wave of coronavirus cases prompted in part by the recent protests that have seen social distancing measures compromised. The latest opinion polls show Mr Biden leading President Trump, but by a margin that is much less than the 'undecideds'. Also, the weekly jobless data was disappointing compared with expectations.
- Notable moves in US equities included America Airlines, +40% on news that it is planning to operate 55% of its domestic schedule in July. After hours Slack, a provider of software for remote working, was -15% after suggesting expectations of the benefits from home working were getting ahead of reality and withdrawing billings guidance; conversely Docusign, another beneficiary of home working, was +5% after reporting Q1 results. Gap was -5%, reminding us it is still tough for retail.
- Earlier in the day European markets were also weaker. In the UK the FTSE 100 was -64bps, underperforming mid/small caps with little influence from FX, while continental equities were -24bps.
- Banks were strong on both sides of the Atlantic, however, as core sovereign yields rose. The US Treasury 10yr yield was +7.8bps, above 0.8% for first time since late March, and the equivalent Bund yield was +3.4bps.
- In the oil market OPEC+ reached a tentative deal with Iraq to extend production cuts. There was little impact on the oil price but other things being equal the move should be supportive.
- Yesterday's main economic data was US weekly jobless claims, which were worse than expected. Initial claims were 1.877m vs cons 1.833m and continuing claims ticked up again to 21.487m vs consensus 20m. This was all a precursor to today's May Non-Farm Payroll Report. Consensus for that is -8.5m, with an unemployment rate of 19.7%, up from 14.7% in April. Note Wednesday's ADP payroll report was better than expected at -2.76m vs cons -9m, and so there is a chance today's data will also be better.
- We also had May Construction PMIs from Germany and UK yesterday. Germany was 40.1, up from 31.9 in April. UK was 28.9 vs consensus 25.0; April's figure was 8.2. Euro area retail sales were better than expected, -11.7% vs consensus -15%.
- In Asia overnight, equities were strong with gains of 1% or more in HK, Singapore and South Korea.
- In the UK this morning the FTSE 100 was +85bps in early trade with Travel & Leisure stocks doing well, defensives not so much. The S&P Future was similarly +85bps.

## Events Calendar

| Date         | Company                         | Event  |
|--------------|---------------------------------|--|
| 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 | Intermediate Capital Group Plc  | Q4 2020 Earnings Release                           |
| 04 June 2020 | Pennon Group Plc                | Q4 2020 Earnings Release                           |
| 10 June 2020 | Industria de Dise o Textil SA   | Q1 2020 Earnings Release                           |
| 10 June 2020 | LondonMetric Property Plc       | Q4 2020 Earnings Release                           |
| 10 June 2020 | Shaftesbury Plc                 | Q2 2020 Earnings Release                           |
| 11 June 2020 | Adobe Incorporated              | Q2 2020 Earnings Release                           |
| 11 June 2020 | Babcock International Group Plc | Q4 2020 Earnings Release                           |
| 11 June 2020 | Johnson Matthey Plc             | Q4 2020 Earnings Release                           |
| 16 June 2020 | Ashtead Group Plc               | Q4 2020 Earnings Release                           |
| 17 June 2020 | Hill & Smith Holdings Plc       | Q1 2020 Sales and Revenue Release - Trading Update |
| 17 June 2020 | SSE Plc                         | Q4 2020 Earnings Release                           |
| 18 June 2020 | National Grid Plc               | Q4 2020 Earnings Release                           |
| 19 June 2020 | John Wood Group Plc             | Q2 2020 Sales and Revenue Release - Trading Update |

|     | Monday<br>1 <sup>st</sup> June   | Tuesday<br>2 <sup>nd</sup> June   | Wednesday<br>3 <sup>rd</sup> June  | Thursday<br>4 <sup>th</sup> June   | Friday<br>5 <sup>th</sup> June  |
|-----|--|---|--|--|---|
| UK  | CIPS Manufacturing PMI SA (Final)  | BoE Mortgage Approvals SA (Number)<br>BoE Net Mortgage Lending SA (GBP)<br>M4 Money Supply SA M/M | CIPS Services PMI SA (Final)   | CIPS Construction PMI SA   |   |
| US  | Markit PMI<br>Manufacturing SA (Final)<br>Construction Spending SA M/M<br>ISM Manufacturing SA | Consumer Confidence   | ADP Employment Survey SA<br>Markit PMI Services SA (Final)<br>Durable Orders SA M/M (Final)<br>Factory Orders SA M/M<br>ISM Non Manufacturing SA | Initial Claims SA<br>Unit Labor Costs SAAR/Q/Q (Final)<br>Productivity SAAR/Q/Q (Final)    | Hourly Earnings SA M/M (Preliminary)<br>Hourly Earnings Y/Y (Preliminary)<br>Average Workweek SA (Preliminary)<br>Manufacturing Payrolls SA<br>Nonfarm Payrolls SA<br>Private Nonfarm Payrolls<br>Unemployment Rate<br>Consumer Credit SA |
| RoW |  | EU - Markit PMI Manufacturing SA (Final)  | EU - Unemployment Rate<br>EU - Markit PMI Composite SA (Final)<br>EU - Markit PMI Services SA (Final)  | EU - ECB's Governing Council decision on Monetary Policy<br>EU - Retail Sales CA Y/Y & M/M |   |

## Central Bank Meetings

|                              |                            |
|------------------------------|----------------------------|
| <b>European Central Bank</b> | 4 <sup>th</sup> June 2020  |
| <b>Federal Reserve</b>       | 10 <sup>th</sup> June 2020 |
| <b>Bank of England</b>       | 18 <sup>th</sup> June 2020 |

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