

## Morning Meeting

1 July 2020

	Index	+/-	% change
FTSE 100	6169.7	-56.0	-0.9
FTSE All-Share	3410.9	-28.0	-0.8
DJ Industrial Average	25812.9	217.1	0.8
S&P 500	3100.3	47.1	1.5
NASDAQ Composite Index	10058.8	184.6	1.9
Nikkei Japan 1000 Index	1863.2	12.3	0.7
Hang Seng Index	24427.2	125.9	0.5
EURO STOXX 50 (EUR)	3234.1	2.1	0.1
Switzerland SMI (PR)	10045.3	-15.2	-0.2
France CAC 40	4936.0	-9.5	-0.2
Germany DAX (TR)	12310.9	78.8	0.6

Currencies		+/-	12 month range	
£:\$	1.236	0.01	1.15	1.33
Y:\$	107.885	0.17	102.55	112.09
E:£	1.100	0.01	1.07	1.20
E:\$	1.123	0.00	1.07	1.14
10 Yr Bond	Yld %	+/-	-3 months	-12 months
UK	0.15	-0.01	0.31	0.95
US	0.65	0.02	0.66	2.00
Germany	-0.48	-0.01	-0.55	-0.31
	Price (p)	+/-	12 month range	
Investec plc	161.5	-1.05	128.8	518.6

Matrix Winners	Price	+/-	% change
Smiths Group Plc	1412.0	114.0	8.8
Carnival plc	985.8	66.8	7.3
Smart Metering Systems PLC	592.0	17.0	3.0
Syncona Ltd GBP	246.5	7.0	2.9
Ted Baker PLC	84.3	2.4	2.9

Sector Winners	% change	Mkt Wt
FTSE All-Share / Industrial Transportation - SEC	1.3	0.3
FTSE All-Share / General Industrials - SEC	1.00	0.3
FTSE All-Share / Mobile Telecommunications - SEC	0.73	1.8
FTSE All-Share / Industrial Metals & Mining - SEC	0.6	0.1
FTSE All-Share / Real Estate Investment & Services - SEC	0.6	0.4

Matrix Losers	Price	+/-	% change
Marston's PLC	53.2	-4.45	-7.7
Hammerson plc	80.3	-5.88	-6.8
Hunting PLC	212.6	-11.4	-5.1
Playtech plc	281.5	-13.4	-4.5
Equiniti Group Plc	145.4	-6.8	-4.5

Sector Losers	% change	Mkt Wt
FTSE All-Share / Oil & Gas Producers - SEC	-3.2	8.3
FTSE All-Share / Aerospace & Defense - SEC	-1.9	1.5
FTSE All-Share / Construction & Materials - SEC	-1.8	1.5
FTSE All-Share / Electricity - SEC	-1.8	0.8
FTSE All-Share / Travel & Leisure - SEC	-1.2	3.7

Stocks Hitting Relative High
Ferguson Plc
Antofagasta plc
Bunzl plc

Stocks Hitting Relative Low
-
-
-

### Companies discussed in Morning Meeting

#### UK Equities

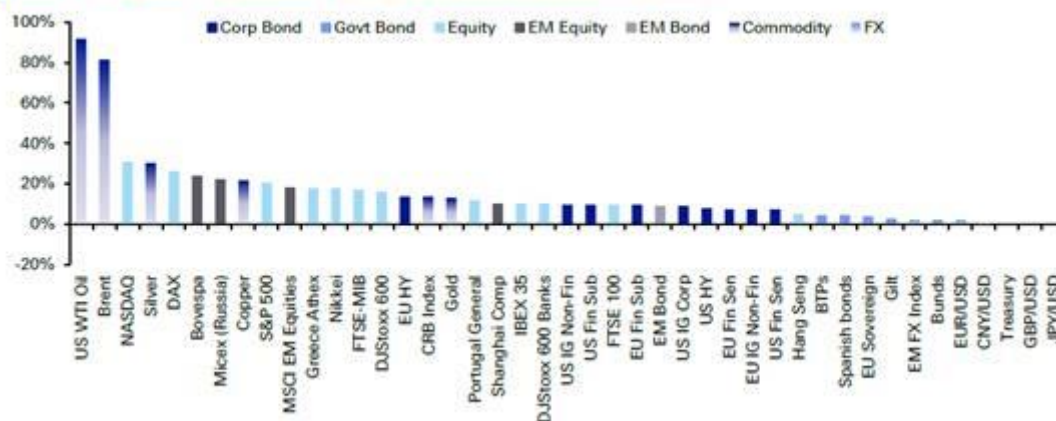
easyJet	Company Update
Sainsbury's	Q121 Update
Smith & Nephew	Trading Update

#### International Equities

FedEx	Q4 Update
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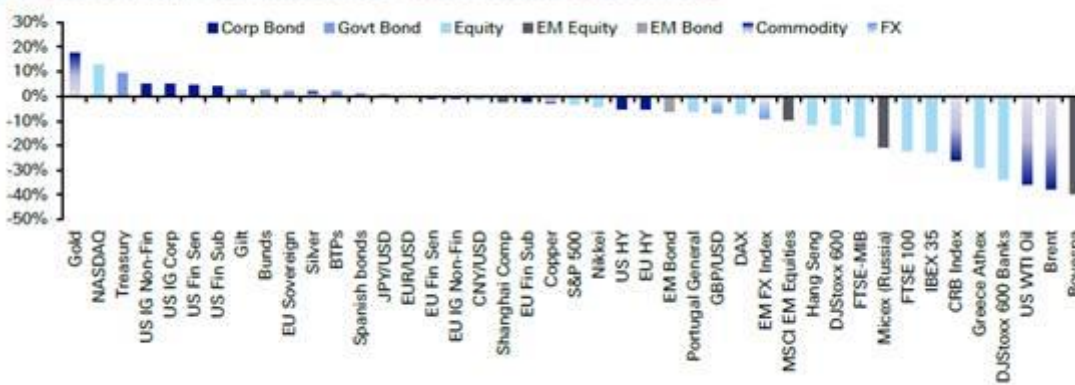
- As we enter the second half of 2020 let us reflect first on market moves in Q2 and H1 overall, which showed some remarkable variances in what has been an eventful six months.
- The best performing asset class in Q2 was oil, with WTI +92% and Brent +81%. And yet, for the year to date, it was the worst performer (-36%, -38% respectively), after the extraordinary collapse seen in Q1 (remember at one point the price went negative). Elsewhere in commodity markets gold has had a good year so far, up 17%.
- In the analysis provided by Deutsche Bank, whose charts we show here, all 38 asset classes showed positive returns in Q2 – remember the end of Q1 was more or less the trough.

Figure 4: Total Return Performance of Major Global Financial Assets in Q2 (in USD)



Source: Deutsche Bank, Bloomberg Finance LP, Mark-it

Figure 6: Total Return Performance of Major Global Financial Assets YTD (in USD)



Source: Deutsche Bank, Bloomberg Finance LP, Mark-it

- The best performing equity market YTD was NASDAQ, +12%. The S&P 500 was down around 3%, FTSE 100 -18% and Nikkei -2%. That YTD decline in the S&P 500 came after a 20.5% gain in Q2 – the best quarter since Q4 1998 – which serves to illustrate the severity of the Q1 decline and the topsy-turvy nature of the year so far.
- Sovereign bonds are mostly in positive territory year to date, with Gilts +10%, Treasuries +9% and Bunds +2%.
- The quarter/half year ended with a generally risk-on tone, despite some continued worrying news about coronavirus. In the US, new cases were 47k, the largest one-day spike, and Dr Fauci warned that it could reach 100k unless restrictive measures are put in place. In Florida, cases increased by +4.2% vs +3.7% the day before and in Arizona cases were +6.3% over two days. The average over that period was lower than the previous week but nevertheless the state's Governor ordered the closure of bars, gyms, cinemas and water parks for the next month. In Texas, the ban on elective surgery to save hospital capacity was extended, and New York state added eight more states to its quarantine list.

- In terms of political responses, media reports suggested Italy is preparing a new €20bn stimulus package, some while after the virus peaked there.
- Yesterday the S&P 500 closed +1.5%, near the day's high and +85bps from the European close – and holding the 200 day moving average support level. Energy stocks were strong on reports of lower Saudi exports although that didn't help the oil price which was down c.1%. Fedex was +9% after hours on results and Tech was again strong; NASDAQ rose +1.8%.
- The risk-on tone was supported by better than expected consumer confidence data. The index reading for June was 98.1 vs consensus 90.6 and May's 85.9. Conversely, the Chicago PMI for June was a disappointment at 36.6 vs consensus 44.0.
- Yesterday's congressional testimony by Fed Chair Powell and Treasury Secretary Mnuchin may also have helped the more positive tone. Both (unsurprisingly) emphasised their intention to maintain expansive policies, Mr Mnuchin indicated there will be another round of fiscal action in July and Mr Powell said the economic recovery has been faster than expected. He also called out the banking sector as a strength at this time (vs a weakness in the 2008-9 GFC).
- Earlier in the day, on this side of the Atlantic, it was a mixed day for equities. In the UK the FTSE 100 was -0.9% but elsewhere in Europe the Stoxx 600 was +13bps, helped by Germany and tech names. Economic data was limited, with eurozone CPI inflation for June +0.3% vs consensus +0.25% and UK Final Q1 GDP a bit worse than the original estimate at -1.7% y/y (originally -1.6%).
- Government bond markets reflected the risk on mood. The US Treasury 10y yield was +3.3bps to 0.656%. In Europe peripheral spreads vs the bund narrowed with the bund +1.6bps and Greece/Italy down 4bps or so.
- Overnight in Asia equity markets were generally positive with gains of 0.5% to 1%. Japan was the exception, down -0.2%. Hong Kong was closed for a holiday, and the new National Security Law comes into force from today.
- In Japan the latest TANKAN quarterly survey printed at -34 vs consensus -31, down from -8 last time. It was the lowest since 2009 and showed a record drop among service sector companies. As it's a quarterly survey it doesn't tell us much about the current direction of travel – it would probably have been worse in April and May had there been an intra-quarter survey.
- Today's economic news is dominated by PMIs. Overnight from China the Caixin June manufacturing PMI was 51.2 vs consensus 50.5, and an improvement on the 50.7 reading last time. Other June Manufacturing PMIs today are from the Eurozone (est. 46.9), UK (50.1) and US (49.6). We also have the ADP employment survey for June, with a consensus estimate of +3m jobs. This is a precursor to the non-farm payroll report tomorrow (note both these reports are a day earlier than usual because of the Independence Day holiday on Friday). The latest FOMC minutes will also be released today.
- In the UK this morning the FTSE 100 was barely changed in early trading on what looks like a quiet day, with <500bps dispersion between the best and worst performers.

# Events Calendar

Date	Company	Event
29 June 2020	Prosus NV	Q4 2020 Earnings Release
30 June 2020	FedEx Corp.	Q4 2020 Earnings Release
01 July 2020	Rolls-Royce Holdings Plc	Q1 2020 Sales and Revenue Release - Trading Update
01 July 2020	J Sainsbury Plc	Q1 2021 Sales and Revenue Release - Trading Statement
02 July 2020	Associated British Foods Plc	Q3 2020 Sales and Revenue Release - Trading Update
02 July 2020	Meggitt Plc	Q2 2020 Sales and Revenue Release - Trading Update
07 July 2020	Micro Focus International Plc	Q2 2020 Earnings Release
09 July 2020	Persimmon Plc	Q2 2020 Sales and Revenue Release - Trading Update
13 July 2020	PepsiCo, Inc.	Q2 2020 Earnings Release
14 July 2020	Halma Plc	Q4 2020 Earnings Release
14 July 2020	Ocado Group Plc	Q2 2020 Earnings Release
14 July 2020	Wells Fargo & Co.	Q2 2020 Earnings Release
14 July 2020	JPMorgan Chase & Co.	Q2 2020 Earnings Release
14 July 2020	Citigroup, Inc.	Q2 2020 Earnings Release
15 July 2020	ASML Holding NV	Q2 2020 Earnings Release
15 July 2020	Burberry Group Plc	Q1 2021 Earnings Release
15 July 2020	Burberry Group Plc	Q1 2021 Sales and Revenue Release - Trading Update
15 July 2020	Dixons Carphone Plc	Q4 2020 Earnings Release
15 July 2020	Dunelm Group Plc	Q4 2020 Earnings Release
15 July 2020	Premier Oil Plc	Q3 2020 Sales and Revenue Release - Trading Update
15 July 2020	Severn Trent Plc	Q1 2021 Sales and Revenue Release - Trading Update
15 July 2020	The PNC Financial Services Group	Q2 2020 Earnings Release
15 July 2020	U.S. Bancorp	Q2 2020 Earnings Release
15 July 2020	The Goldman Sachs Group, Inc.	Q2 2020 Earnings Release
16 July 2020	Anglo American Plc	Q2 2020 Sales and Revenue Release - Production Report
16 July 2020	Atlas Copco AB	Q2 2020 Earnings Release
16 July 2020	Experian Plc	Q1 2021 Sales and Revenue Release - Trading Update
16 July 2020	easyJet Plc	Q3 2020 Sales and Revenue Release - Trading Update
16 July 2020	Hays plc	Q4 2020 Sales and Revenue Release - Trading Update
16 July 2020	The Charles Schwab Corp.	Q2 2020 Earnings Release
16 July 2020	SSE Plc	Q1 2021 Sales and Revenue Release - Trading Statement
16 July 2020	Zalando SE	Q2 2020 Sales and Revenue Release - Trading Statement
16 July 2020	Compagnie Financi ?re Richemont S	Q1 2021 Sales and Revenue Release - Trading Update
16 July 2020	Johnson & Johnson	Q2 2020 Earnings Release
16 July 2020	Rio Tinto Plc	Q2 2020 Sales and Revenue Release - Operational Review
17 July 2020	Assa Abloy AB	Q2 2020 Earnings Release
17 July 2020	Investor AB	Q2 2020 Earnings Release

	Monday 29 <sup>th</sup> June	Tuesday 30 <sup>th</sup> June	Wednesday 1 <sup>st</sup> July	Thursday 2 <sup>nd</sup> July	Friday 3 <sup>rd</sup> July
UK	Nationwide House Price NSA Y/Y BoE Mortgage Approvals SA (Number) BoE Net Mortgage Lending SA (GBP) BoE Net Consumer Credit SA M4 Money Supply SA M/M	Exports Q/Q (Final) GDP SA Q/Q (Final) GDP SA Y/Y (Final) Gross Fixed Capital Formation Q/Q (Final) Government Expenditure Q/Q (Final) Household Expenditure Q/Q (Final) Imports Q/Q (Final) Current Account SA	CIPS Manufacturing PMI SA (Final)		CIPS Services PMI SA (Final)
US	Pending Home Sales Index SAAR Pending Home Sales M/M Dallas Fed Index	S&P/Case-Shiller comp.20 HPI M/M S&P/Case-Shiller comp.20 HPI Y/Y Chicago PMI SA Consumer Confidence	ADP Employment Survey SA Markit PMI Manufacturing SA (Final) Construction Spending SA M/M ISM Manufacturing SA FOMC Minutes	Continuing Jobless Claims SA Hourly Earnings SA M/M (Preliminary) Hourly Earnings Y/Y (Preliminary) Average Workweek SA (Preliminary) Initial Claims SA Manufacturing Payrolls SA Nonfarm Payrolls SA Private Nonfarm Payrolls Trade Balance SA Unemployment Rate Durable Orders ex-Transportation SA M/M (Final) Durable Orders SA M/M (Final) Factory Orders SA M/M	

<b>RoW</b>	GE - CPI NSA M/M (Preliminary)	FR – Consumer Spending SA M/M	GE - Retail Sales SA M/M		GE - Markit PMI Services SA (Final)
	GE - CPI NSA Y/Y (Preliminary)	FR - CPI NSA M/M (Preliminary)	GE - Retail Sales NSA Y/Y		FR - Markit PMI Services SA (Final)
	GE - CPI EU	FR - CPI NSA Y/Y (Preliminary)	GE - Markit PMI Manufacturing SA (Final)		
	Harmonized NSA M/M (Preliminary)	FR - CPI EU Harmonized NSA M/M (Preliminary)	GE - Unemployment Change SA		
	GE - CPI EU	FR - CPI EU Harmonized NSA Y/Y (Preliminary)	GE - Unemployment Rate		
	Harmonized NSA Y/Y (Preliminary)	FR - PPI NSA M/M	FR - Markit PMI Manufacturing SA (Final)		

## Central Bank Meetings

<b>Bank of England</b>	6 <sup>th</sup> August 2020
<b>European Central Bank</b>	16 <sup>th</sup> July 2020
<b>Federal Reserve</b>	29 <sup>th</sup> July 2020

### Disclaimer

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