

Morning Meeting

7 August 2020

	Index	+/-	% change
FTSE 100	6026.9	-77.8	-1.3
FTSE All-Share	3358.5	-40.4	-1.2
DJ Industrial Average	27387.0	185.5	0.7
S&P 500	3349.2	21.4	0.6
NASDAQ Composite Index	11108.1	109.7	1.0
Nikkei Japan 1000 Index	1854.6	-5.5	-0.3
Hang Seng Index	24930.6	-172.0	-0.7
EURO STOXX 50 (EUR)	3240.4	-28.0	-0.9
Switzerland SMI (PR)	10067.1	-30.8	-0.3
France CAC 40	4885.1	-48.2	-1.0
Germany DAX (TR)	12591.7	-68.6	-0.5

Currencies		+/-	12 month range	
£:\$	1.314	0.00	1.15	1.33
Y:\$	105.525	-0.04	102.55	112.09
E:£	1.110	0.00	1.07	1.20
E:\$	1.184	0.00	1.07	1.19
10 Yr Bond	Yld %	+/-	-3 months	-12 months
UK	0.09	-0.03	0.24	0.62
US	0.54	-0.01	0.71	1.74
Germany	-0.55	-0.04	-0.51	-0.54
	Price (p)	+/-	12 month range	
Investec plc	148	-2.09999	128.8	498.0

Matrix Winners	Price	+/-	% change
Pearson PLC	605.0	44.0	7.8
Aviva plc	297.5	13.2	4.6
Ascential Plc	283.0	11.2	4.1
Smart Metering Systems PLC	643.0	25.0	4.0
ITV PLC	63.3	2.4	3.9

Sector Winners	% change	Mkt Wt
FTSE All-Share / Leisure Goods - SEC	2.0	0.2
FTSE All-Share / Media - SEC	0.82	0.2
FTSE All-Share / Electronic & Electrical Equipment - SEC	0.56	0.8
FTSE All-Share / Life Insurance - SEC	0.5	3.4
FTSE All-Share / Food & Drug Retailers - SEC	0.3	2.1

Matrix Losers	Price	+/-	% change
Cairn Energy PLC	131.0	-7.4	-5.3
IMI plc	1027.0	-55	-5.1
Land Securities Group PLC	579.8	-30.2	-5.0
Rio Tinto plc	4720.0	-238	-4.8
Ibstock Plc	160.1	-8	-4.8

Sector Losers	% change	Mkt Wt
FTSE All-Share / Industrial Metals & Mining - SEC	-2.9	0.1
FTSE All-Share / Oil & Gas Producers - SEC	-2.6	7.9
FTSE All-Share / Aerospace & Defense - SEC	-2.4	1.6
FTSE All-Share / Technology Hardware & Equipment - SEC	-1.9	0.1
FTSE All-Share / Household Goods & Home Construction - SEC	-1.9	4.1

Stocks Hitting Relative High
Bunzl plc
BHP Group Plc
Dechra Pharmaceuticals PLC
Dunelm Group plc
Flutter Entertainment Plc
Keywords Studios plc
Kingfisher Plc
LondonMetric Property Plc
Ocado Group PLC
Renishaw plc
St. James's Place Plc
Ultra Electronics Holdings plc

Stocks Hitting Relative Low
HSBC Holdings Plc
Hurricane Energy Plc
Imperial Brands PLC
-
-
-
-
-
-
-
-
-

Companies discussed in Morning Meeting

UK Equities

Hargreaves Lansdown	FY Results
Rightmove	H1 Results
Standard Life Aberdeen	H1 2020 Results

International Equities

Booking Holdings	Q2 Results
EOG Resources	Q2/20 Results
Prosus	Company Update
Richemont	Company Update
Zoetis	Q2 Results

- The S&P 500 traded in a narrow range for most of the day before posting late gains to close +0.64%. It was largely unmoved by the weekly employment data, which was better than expected and sent a different message than that of the ADP report earlier in the week. For the week to 1st August initial claims were 1.186m vs consensus 1.4m, the lowest weekly reading since March and reversing two weeks of rises. It is still too early to know whether those two weeks were a blip and this is a resumption of the improving trend, or whether the trend has reversed and this is a blip. Continuing claims (for the previous week) were also better than expected at 16.107m (vs consensus 16.9m), the lowest figure since April. Expiry of extra \$600pw support program may have had an impact at the margin, prompting some not to bother filing. The focus today shifts to the monthly non-farm payroll report, where President Trump has promised a 'big number'. Consensus is for 1.48m and an unemployment rate of 10.6%.
- If the employment data didn't move the market in late trading, what did? Possibly hopes that 'it will be alright on the night' as far as a deal between Republicans and Democrats on fiscal stimulus is concerned. There is still some distance between the two sides, but also a willingness to get a deal done ahead of the recess next week and today is a self-imposed deadline. President Trump has said he will go ahead with fiscal stimulus through executive action if a deal can't be done, which could focus Democrat minds, and has instructed the two sides to reach a narrow agreement if they can't secure a bigger one.
- The market also shrugged off the latest China-bashing from President Trump, who announced that from 45 days hence he will ban US residents or companies from any transactions with TikTok, its parent ByteDance, or WeChat, which is owned by Tencent. Tencent shares were down 10% at one point, before rallying as it became clear the ban wouldn't extend to other Tencent operations. In addition, Secretary of State Mike Pompeo urged US companies to bar Chinese applications from their app stores. There was, however, no evidence in markets of any concern about retaliatory action by China, and NASDAQ outperformed the S&P, gaining 1.0% to reach a new record.
- Earlier in the day in Europe equities were weaker, with the FTSE All Share down 1.19% (large caps underperforming) and Eurostoxx -73bps with only 2 of 19 sectors rising. The tone was set by some disappointing earnings announcements notably from European insurers.
- In the UK, the Bank of England's Monetary Policy Committee met and, as expected, made no change to monetary policy. Governor Andrew Bailey also played down the possibility of negative rates in the near term. However he also indicated that any future tightening of policy would be linked to meeting the 2% inflation target and the elimination of spare capacity. With these two events looking like pretty distant prospects, the market took the comments dovishly and the 10-year gilt yield fell 2.2bps to 10.8bps, although this move did follow quite a sharp rise of 5.3bps the previous day. The Bank also revised its economic projections, now envisaging a smaller GDP decline in 2020 (-9.5% vs -14% previously) mirrored by a slower bounce back in 2021 (from +15% to +9%). Other sovereign bonds saw yields fall, with the US 10-year -1.2bps and the Bund -2.5bps.
- Among commodities gold was +1% to another all-time high and has risen in 14 of the last 15 sessions.
- In currency markets the main feature was some € weakness; it fell by around one-third of a percent against GBP, USD and JPY. Other major crosses saw very little change.
- Apart from the US employment statistics the other major economic data yesterday was German factory orders for June which were +27.9% vs consensus +10.1%. The July Construction PMI for Germany was up to 49.7 from 41.7 but still in contractionary territory while the same measure in the UK was 58.1 vs consensus 57.0. Today, apart from the US payroll data, we have already seen Industrial Production data for June from both Germany (+8.9% vs cons +8.0%) and France (+12.7% vs +10.9%). Overnight we had July trade data from China. Exports were +7.2% y/y (cons -0.55%) and imports -1.4% (cons +1.0%). The trade balance was +\$62.3bn vs cons +\$41.9bn.
- US coronavirus cases were +1.3% yesterday, up on the weekly average of 1.15%. Germany recorded >1000 new cases for the first time since May 1st and average daily cases have nearly doubled over the last three weeks. Italy had over 400 cases, the highest since June, with a

concentration in Lombardy which was the worst-affected region during the first wave. France is showing worrying signs, with 1600 cases for two days in a row for the first time since April. This has prompted Norway to introduce quarantine on people coming in from France and the UK government considering doing the same, while also contemplating lifting quarantine on arrivals from Portugal. Norway is also to pause the planned easing of some restrictions because of rising case numbers while Denmark has dropped plans to allow bigger crowds and the Netherlands has said the return of some restrictions may be needed. Conversely, in the US the State Department has lifted its advisory against all international travel.

- In Asia overnight all major markets except South Korea were in the red, possibly reflecting the rising US/China tensions, and in the UK this morning the FTSE 100 was barely changed – down 6bps – in early trading.

Events Calendar

Date	Company	Event
03 August 2020	HSBC Holdings Plc	Q2 2020 Earnings Release
03 August 2020	Siemens Healthineers AG	Q3 2020 Earnings Release
04 August 2020	BP Plc	Q2 2020 Earnings Release
04 August 2020	easyJet Plc	Q3 2020 Earnings Release
04 August 2020	Rotork Plc	Q2 2020 Earnings Release
04 August 2020	Spectris Plc	Q2 2020 Earnings Release
04 August 2020	Bayer AG	Q2 2020 Earnings Release
04 August 2020	Direct Line Insurance Group Plc	Q2 2020 Earnings Release
04 August 2020	Diageo Plc	Q4 2020 Earnings Release
04 August 2020	Beyond Meat, Inc.	Q2 2020 Earnings Release
04 August 2020	The Walt Disney Co.	Q3 2020 Earnings Release
05 August 2020	Hill & Smith Holdings Plc	Q2 2020 Earnings Release
05 August 2020	Legal & General Group Plc	Q2 2020 Earnings Release
05 August 2020	SEGRO Plc	Q2 2020 Earnings Release
05 August 2020	William Hill Plc	Q2 2020 Earnings Release
05 August 2020	Continental AG	Q2 2020 Earnings Release
05 August 2020	Costco Wholesale Corp.	July 2020 Sales and Revenue Release
06 August 2020	Hammerson Plc	Q2 2020 Earnings Release
06 August 2020	Ibstock Plc	Q2 2020 Earnings Release
06 August 2020	ITV Plc	Q2 2020 Earnings Release
06 August 2020	Mondi Plc	Q2 2020 Earnings Release
06 August 2020	Serco Group Plc	Q2 2020 Earnings Release
06 August 2020	Dentsply Sirona, Inc.	Q2 2020 Earnings Release
06 August 2020	Novo Nordisk A/S	Q2 2020 Earnings Release
06 August 2020	AXA SA	Q2 2020 Earnings Release
06 August 2020	ING Groep NV	Q2 2020 Earnings Release
06 August 2020	Aviva Plc	Q2 2020 Earnings Release
06 August 2020	Glencore Plc	Q2 2020 Earnings Release
06 August 2020	Zoetis, Inc.	Q2 2020 Earnings Release
06 August 2020	Booking Holdings, Inc.	Q2 2020 Earnings Release
06 August 2020	EOG Resources, Inc.	Q2 2020 Earnings Release
07 August 2020	Hargreaves Lansdown Plc	Q4 2020 Earnings Release
07 August 2020	Standard Life Aberdeen Plc	Q2 2020 Earnings Release
07 August 2020	Rightmove Plc	Q2 2020 Earnings Release
11 August 2020	Derwent London Plc	Q2 2020 Earnings Release
11 August 2020	Domino's Pizza Group Plc	Q2 2020 Earnings Release
11 August 2020	InterContinental Hotels Group Plc	Q2 2020 Earnings Release
11 August 2020	Polypipe Group Plc	Q2 2020 Earnings Release
11 August 2020	Zalando SE	Q2 2020 Earnings Release
11 August 2020	Prudential Plc	Q2 2020 Earnings Release
12 August 2020	Admiral Group Plc	Q2 2020 Earnings Release
12 August 2020	Spirax-Sarco Engineering Plc	Q2 2020 Earnings Release
12 August 2020	Admiral Group Plc	Q2 2020 Earnings Release
12 August 2020	Cisco Systems, Inc.	Q4 2020 Earnings Release
13 August 2020	Renishaw Plc	Q4 2020 Earnings Release
13 August 2020	TUI AG	Q3 2020 Earnings Release
13 August 2020	Deutsche Telekom AG	Q2 2020 Earnings Release
13 August 2020	Tapestry, Inc.	Q4 2020 Earnings Release
14 August 2020	The Charles Schwab Corp.	July 2020 Sales and Revenue Release
17 August 2020	Cranswick Plc	Q1 2021 Earnings Release
18 August 2020	Pandora AS	Q2 2020 Earnings Release
18 August 2020	Persimmon Plc	Q2 2020 Earnings Release
18 August 2020	John Wood Group Plc	Q2 2020 Earnings Release
18 August 2020	BHP Group Plc	Q4 2020 Earnings Release
18 August 2020	The Home Depot, Inc.	Q2 2020 Earnings Release
20 August 2020	CRH Plc	Q2 2020 Earnings Release
20 August 2020	John Laing Group Plc	Q2 2020 Earnings Release
20 August 2020	Phoenix Group Holdings Plc	Q2 2020 Earnings Release
20 August 2020	Premier Oil Plc	Q2 2020 Earnings Release
20 August 2020	The Estee Lauder Companies, Inc.	Q4 2020 Earnings Release
21 August 2020	Deere & Co.	Q3 2020 Earnings Release

	Monday 3 rd August	Tuesday 4 th August	Wednesday 5 th August	Thursday 6 th August	Friday 7 th August
UK	CIPS Manufacturing PMI SA (Final)		CIPS Services PMI SA (Final)	CIPS Construction PMI SA BoE Official Bank Rate Bank of England Interest Rate Announcement, MPC Minutes Publication and Inflation Report	Halifax House Price SA 3-M/Y
US	Markit PMI Manufacturing SA (Final) Construction Spending SA M/M ISM Manufacturing SA	Durable Orders ex-Transportation SA M/M (Final) Durable Orders SA M/M (Final) Factory Orders SA M/M	BEA Domestic Auto Sales SAAR BEA Domestic Light Truck Sales SAAR BEA Total Light Vehicle Sales ADP Employment Survey	New York Federal Reserve Executive Vice President Singh speaks in Webinar Continuing Jobless Claims SA Initial Claims SA	Hourly Earnings SA M/M (Preliminary) Hourly Earnings Y/Y (Preliminary) Average Workweek SA (Preliminary) Manufacturing Payrolls SA

			SA Trade Balance SA PMI Composite SA (Final) Markit PMI Services SA (Final) ISM Non Manufacturing SA		Nonfarm Payrolls SA Private Nonfarm Payrolls Unemployment Rate Wholesale Inventories SA M/M (Final) Consumer Credit SA
RoW	FR – Markit PMI Manufacturing SA (Final) GE - Markit PMI Manufacturing SA (Final)		FR - Markit PMI Services SA (Final) GE - Markit PMI Services SA (Final)	GE - Manufacturing Orders SA M/M GE - Manufacturing Orders WDA Y/Y GE - Manufacturing Turnover M/M GE - PMI Construction	GE - Export SA M/M GE - Industrial Production SA M/M GE - Trade Balance SA FR - Industrial Production SA M/M FR - Industrial Production SA Y/Y FR - Trade Balance SA

Central Bank Meetings

Bank of England	6 th August 2020
European Central Bank	10 th Sept 2020
Federal Reserve	16 th Sept 2020

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