

THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 9th October 2020



MACRO

- Very clear signs are beginning to emerge that the stock market is factoring in a “Blue Wave” – a Biden clean sweep in the US election
- In the UK, GDP for August came in weaker than expected
- Nancy Pelosi, the Democratic speaker of the House of Representatives, has rejected a higher \$1.8tn fiscal stimulus offer from the White House, dashing hopes of a breakthrough in the negotiations

STATISTIC OF THE WEEK

An investor in the cultivated meat sector, which is developing sources of animal protein using the principles of biotechnology rather than growing and harvesting a living animal, showed us that 50% of all habitable land on Earth is used for agriculture. Of this, 77% is used for livestock, 23% for growing crops. Only 18% of the food caloric supply for global consumption is from meat and dairy and 70% of the Amazon Rainforest has already been destroyed for animal agriculture grazing or crops to feed the animals

COMPANY NEWS

- **Tesco's** half year results showed vastly improved profitability as shoppers flocked to stores during the lockdown
- **Easyjet** stated that it expected to report a full year headline loss before tax of £815-£845m whilst it expected to fly only around 25% of planned capacity for its first fiscal quarter
- **Apple** said it would stop selling headphones and wireless speakers from competing companies. The move came as Apple prepares to launch additional audio products; and products from companies such as Bose, Sonos and Logitech are no longer listed on its website

FUNDS

A very well-known quality growth fund told us this week that they are starting to buy cyclical recovery stocks,

particularly banks, a sector where they have been underweight for almost a decade

THIS WEEK IN HISTORY

1957: Sputnik 1, the first artificial Earth satellite, is launched by the Soviet Union

2008: President George W. Bush signs the TARP (Troubled Asset Relief Program) bill into law. The \$700bn dollar package provided an infusion of capital into the troubled US banking system by purchasing subprime mortgages from banks

RE-OPENING TIMES

As fears of a second wave mount, the UK records 12,872 new Covid cases - over 80% more than this time last week – but the daily death rate at 65 remains very low.

MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
UK Equities (% return GBP)	1.15	-0.84	-15.53	10.34
World Equities (% return GBP)	2.83	2.16	9.67	94.21
10 Year US Treasury Yield	0.79	0.71	1.76	2.12
GBP / USD (fx rate)	1.30	1.30	1.22	1.53

As at 9th October 2020. Source: Financial Express

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Vermeer Partners

130 Jermyn Street, London, SW1Y 4UR

T +44 (0)20 7123 5200

E info@vermeerllp.com

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