

THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 31st July 2020



MACRO

- Global travel restrictions start to come into force again as the UK imposes a two-week quarantine on anyone returning from Spain
- The Federal Reserve kept interest rates on hold
- The US dollar continues to weaken after a continued surge in coronavirus cases nationwide

STATISTIC OF THE WEEK

Analysis from the Washington Service shows that insiders were buying heavily when markets were falling in March, but in July almost 1,000 corporate executives in the US have sold shares in their own companies. For every one buyer, there have been five sellers. Only twice in the past three decades has the sell-buy ratio been higher than now

COMPANY NEWS

- **Visa's** quarterly numbers were down, but there was improvement each month throughout the quarter as lockdowns eased and spending improved. Earnings beat expectations
- **Smith & Nephew** showed that globally they are back to around 80% capacity but only around 30% in the UK
- **Amazon** reported results, trouncing earnings expectations and reporting double-digit revenue growth year over year
- **Facebook** also beat expectations with better-than-expected revenue per user, showing that it continues to have pricing power when it comes to big brands advertising on the site. It did, however, report its slowest earnings growth since listing in 2012
- **Alphabet** beat analysts' expectations but reported a \$2.6bn decline in year-on-year advertising revenue
- The results from the **UK banks** were, in general, poorly received as they reported strong capital positions but weak earnings amid a low interest rate environment and higher than expected impairments

SMALL-CAP NEWS

Breedon should be one of the beneficiaries of increased infrastructure spend going forward and their results this week didn't disprove this. Yes, trading had been weak in April and May but by June they were back to pre-Covid levels with the balance sheet in better shape. The purchase of the UK Cemex assets still needs to be rubber stamped but it looks like a good addition to an already good business.

THIS WEEK IN HISTORY

1914: Just ten minutes before the New York Stock Exchange was scheduled to open, the governors of the exchange vote to close the stock market as fears over the outbreak of war mount

2018: Apple becomes the first \$1 trillion listed company, briefly crossing the lofty mark in a closely watched ascent that made stock market history

RE-OPENING TIMES

In an unusual story surrounding the company that many will remember as having come up with the prototype for a digital camera in 1975 only to then be poleaxed by the digital revolution, **Kodak** accepted a \$765m loan from the Trump administration to expand its manufacture of ingredients for pharmaceuticals. On the back of this news the company, that had filed for bankruptcy in 2012, last week saw its shares rise almost 1,000% in total

MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
UK Equities (% return GBP)	-3.74	-4.53	-20.74	4.64
World Equities (% return GBP)	-1.98	-1.36	0.04	70.84
10 Year US Treasury Yield	0.55	0.66	2.02	2.20
GBP / USD (fx rate)	1.31	1.24	1.22	1.56

As at 31st July 2020. Source: Financial Express

Vermeer Partners

130 Jermyn Street, London, SW1Y 4UR

T +44 (0)20 7123 5200

E info@vermeerllp.com

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