

THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 16th July 2021



MACRO

- In the UK, inflation (CPI) came in at 2.5% in June from a year earlier, much higher than expected
- In the US, CPI rose 5.4%, meaning inflation remains at its highest annual rate in 13 years. Economists surveyed by the Wall Street Journal had been forecasting a 5% rise
- The NY Fed's Empire State Manufacturing Survey rose sharply to 43 from 17.4
- Bond markets remained unfazed with the UK 10 year at 0.63% and US 10 year at 1.31%, the lowest in over four months

STATISTIC OF THE WEEK

The Resolution Foundation – which focuses on improving living standards in the UK for those on low and middle incomes – issued a report this week highlighting the extraordinary extent to which personal finances improved during the pandemic. The average household has enjoyed a windfall of £7,800 per adult during the crisis – the first-time wealth has increased during a recession since the mid-1940s

COMPANY NEWS

- **JP Morgan** reported headline numbers way ahead of expectations as reserves (money set aside for forecast loan losses) fell – particularly when compared to this quarter last year; but the market reacted slightly negatively to the fall in trading revenue
- **Pepsi** closed up on the week after reporting better than expected second quarter results with net revenue rising 21% y/y to \$19.22bn. The company increased its full year guidance, forecasting 6% organic revenue growth
- **Experian** highlighted the quality and resilience of its business model as it raised its annual guidance with total revenue growth of 31% and all regions and segments delivering growth during its first quarter

FUNDS

HydrogenOne Capital Growth PLC is being launched on the London Stock Exchange to raise up to £300m to invest in

both quoted and unquoted blue and green hydrogen opportunities. Ineos are the cornerstone investors with £25m. Clean hydrogen can help overcome the intermittency of renewables by converting power to a storable, usable gas to replace hydrocarbons, reduce greenhouse gas emissions and improve air quality. All of this enables the world to deliver on its climate change mitigation ambitions

THIS WEEK IN HISTORY

1836: The US government curbs land speculation by forcing federal land agents to only accept gold and silver as payment. The order, now known as the “**Specie Circular**” was done via an executive order issued by Andrew Jackson

1985: **Coca-Cola** announces that it will revert back to its old recipe after introducing new coke 79 days before. The move is widely considered one of the largest marketing blunders of all time

RE-OPENING TIMES

Much of America's inflation in June came from a surprisingly small part of the economy: the market for used cars. Second-hand cars have risen by 45% over the last twelve months. In the UK, Robert Forrester, CEO of Britain's fifth biggest dealership, **Vertu Motors**, remarked that the Ford Fiesta he had bought for his 17-year old daughter has risen by £1,200 over the last two months alone

MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
UK Equities (% return GBP)	-1.44	-1.99	15.89	24.51
World Equities (% return GBP)	-0.53	2.99	22.59	86.85
10 Year US Treasury Yield	1.31	1.64	0.66	1.60
GBP / USD (fx rate)	1.38	1.40	1.31	1.33

As at 16th July 2021. Source: Financial Express

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