

THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 20th November 2020



MACRO

- In the UK, clothing, food and furniture pushed up inflation slightly in October to 0.7% although it still remains at historically very low levels
- The much-anticipated EU's €750bn recovery package was blocked by Hungary and Poland this week
- Japan's economy expanded 5% in the third quarter of 2020 as the country's rebound from Covid-19 produced its first quarter of growth in a year

STATISTIC OF THE WEEK

One for the stock market historians as the OBR prepares to set out its new economic forecasts. It expects UK GDP to drop by around 10% this year which would be worse than the 8.1% drop recorded in 1921 a year marked by the post-war hangover and miner's strike. But it may not be as bad as 1709, the year of the Great Frost. The winter was so brutal that crops died, wine barrels burst and people froze to death in their homes. The economy was devastated and historians estimate that GDP declined 13% over the year.

COMPANY NEWS

- **Vodafone** closed up on the week after reporting higher than expected EBITDA. Management stated that they were on track for the IPO of its Towers business next year
- US pharmacy stocks took a hit this week after **Amazon** announced that it was launching a digital pharmacy and discounts for its paying US Prime members
- **Halma** revised its full-year profit forecasts and lifted its interim dividend as order intake in the second half rose year on year, keeping its long-running dividend growth streak running

FUNDS

A meeting with a leading investor in UK "mid-box" logistics warehouses showed their portfolio remaining 99% operational during the UK's second lockdown, a 5% valuation uplift over the last 12 months and £140m of new acquisitions with net initial yields of 6.0%. Focusing on so-called "last-

mile" assets, they look to capitalise on the exponential growth of e-commerce and the resultant need for last mile delivery in cities

THIS WEEK IN HISTORY

1923: Inflation in Germany hits its peak, the exchange rate for the US Dollar to the German Mark reached 1:4.2 trillion. The inflation rate in Germany is 3,250,000% per month and prices were doubling every 2 days

1963: JFK is assassinated. US stock exchanges would close within 30 minutes of the news but not before the Dow Jones Index sank 21.16 points, or 2.89%.

LOCKDOWN # 2

A renewed focus this week on the **Boston Beer Company** which makes Truly, the number two "hard seltzer" in the US after White Claw. So called Hard Seltzers are low calorie, almost sugar free alcoholic drinks that promise to minimise hangovers. With pubs and bars closed once again, hard seltzers hitting UK supermarket shelves have proved to be very popular with a new generation of lockdown stay-at-home drinkers. **Diageo** have also got in on the act through Smirnoff Hard Seltzer, which had 4% of the US market last year.

MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
UK Equities (% return GBP)	0.58	8.67	-11.22	19.11
World Equities (% return GBP)	-0.50	2.43	10.84	93.10
10 Year US Treasury Yield	0.83	0.81	1.73	2.26
GBP / USD (fx rate)	1.33	1.30	1.29	1.52

As at 20th November 2020. Source: Financial Express

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