

THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 26th February 2021



MACRO

- A sharp sell-off in global bond markets as the so-called “reflation trade” gathers pace and we saw a poor 7-year US Treasury auction
- This has been reinforced by much better Covid data in the US as coronavirus cases and hospitalizations have dropped to levels last seen before the Thanksgiving and Christmas holidays, while the pace of vaccination is picking up

STATISTIC OF THE WEEK

Our thanks to UBS this week who remind us that, although China has the second largest bond market in the world, it still only makes up 3% of global bond indices. Foreign ownership makes up less than 2% of the market. While more than 80% of major bond markets yield less than 2%, the Chinese ten-year still sits above 3%

COMPANY NEWS

- **Lloyds Bank** Q4 pre-tax profits declined 45% to £792million vs £471million expected with underlying profit falling 13% to £1.31bn. Net interest income fell 14% but its capital ratio remains high at 16.2%. It said it would resume dividend payments at 0.57p per share
- **Nvidia** annual revenue rose 61% to \$5bn, ahead of consensus estimates. Data Centre revenue of \$1.90bn was in line with expectations with Gaming, Professional Visualisation and Automotive revenue all ahead of consensus

FUNDS

As interest in plant-based meat and dairy substitutes gathers pace, we were interested to hear from a vehicle investing in the so-called cellular agricultural sector. Cultivated protein technology (meat or fish grown directly from cells) could develop into a major tool to tackle global warming – it is estimated that around one third of all carbon emissions are linked to animal-husbandry

SMALL-CAP NEWS

After some success of the cannabis/cannabinoid/CBD linked stocks, particularly in Canada, the first similar themed stock listed in the UK last week, **Kanabo**. The second, **Cellular Goods**, which is backed by Brand Beckham and will initially focus on skincare, began trading on Friday.

THIS WEEK IN HISTORY

1862: President Abraham Lincoln signs the Legal Tender Act, allowing the U.S. government to print paper money. (previously, money had been printed only by local banks)

1995: Barings Bank receives a fax from Nick Leeson: *“my sincere apologies for the predicament that I’ve left you in. It was not my intention for this to happen but the pressures, both business and personal, have become too much to bear and after receiving medical advice, have affected my health to the extent that a breakdown is imminent...apologies, Nick”*

LOCKDOWN LOWDOWN

Positive signs from the travel sector as Boris Johnson announced his roadmap towards easing lockdown restrictions in the UK. **TUI**, the UK’s largest tour operator, said bookings increased six-fold on Monday, the company’s busiest day in more than a month. Discount airline **easyJet** said demand for flights more than tripled, while delisted package holiday company **Thomas Cook** said traffic on its website increased 75%

MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
UK Equities (% return GBP)	-1.73	-2.08	-6.32	26.13
World Equities (% return GBP)	-2.57	-2.53	13.90	96.24
10 Year US Treasury Yield	1.42	1.10	1.46	1.77
GBP / USD (fx rate)	1.39	1.37	1.29	1.40

As at 26th February 2021. Source: Financial Express

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