

# THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 27<sup>th</sup> November 2020



## MACRO

- UK Chancellor Rishi Sunak's spending review forecasts UK government borrowing to be the highest ever in peacetime and he warned the country of a sharp economic contraction
- Markets responded very well to Joe Biden's choice of Janet Yellen as his Treasury Secretary when he takes office
- Expectations of further asset purchases by the European Central Bank continued to stoke a relentless rally in eurozone debt as Portugal's 10-year bonds fell into negative yield territory

## STATISTIC OF THE WEEK

Despite all the doom and gloom surrounding the UK economy, some more upbeat statistics: the OBR's main forecast suggest that this recession will be no worse than three of the last four; and the time it will take for the economy to recover will be shorter than after the 2008 financial crisis

## COMPANY NEWS

- **Compass**, as expected, showed much lower profitability for the year ending 30 Sept with operating margins falling from around 7% to 2.5%
- Shares in **AstraZeneca** finished lower on the week after it stated that it was likely to conduct additional global trials on its COVID-19 vaccine
- **Salesforce** revealed a takeover approach for **Slack** increasing its effort to compete with **Microsoft** Teams direct messaging product

## FUNDS

A new trust targeting energy infrastructure assets on a global basis point to a McKinsey report estimating that renewable power generation will require \$4.2tn of private capital investment by 2040. 850 million people around the world still do not have access to electricity

## SMALL-CAP NEWS

**Kistos**, the latest energy company to be set up by Andrew Austin, listed this week. Rockrose, which was the previous iteration, made initial investors 48x their money focusing on the oil and gas sector in the North Sea. In a nod to the changing energy landscape, Kistos will be solely focusing on gas assets as well as infrastructure and trying to lengthen the assets' life until decommission. This will be a cash shell until the first deal is announced which is expected to be Q1 2021

## THIS WEEK IN HISTORY

**1990:** Margaret Thatcher's resignation saw her leaving Downing Street in tears after a transformational premiership lasting 11 years

**2001:** **Enron** stock falls 75% as Dynegy withdraws its offer to merge with the company. Enron declared bankruptcy just a few days later

## LOCKDOWN II

A sign of the times as eagle-eyed cricket fans will have spotted that the new sponsors of the current Australia ODI series are Dettol. With traditional drinks, hospitality or financial services sponsorship brands still reeling from the Covid-19 crisis, it is the cleaning supplies and disinfectant business owned by **Reckitt Benckiser** that is currently hogging the sponsor boards

## MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
UK Equities (% return GBP)	0.27	11.74	-12.99	18.66
World Equities (% return GBP)	2.00	7.10	11.37	95.04
10 Year US Treasury Yield	0.84	0.79	1.77	2.22
GBP / USD (fx rate)	1.33	1.30	1.29	1.50

As at 27<sup>th</sup> November 2020. Source: Financial Express

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