

# THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 5<sup>th</sup> February 2021



## MACRO

- In the UK, the Bank of England said that it had given financial institutions six months to get ready for negative rates but that the economy would need to get much worse before it became a reality
- Official GDP figures for the fourth quarter in the Eurozone: over the course of last year GDP fell 5% in Germany, 8.3% in France, 8.8% in Italy and 11% in Spain — all post-war records
- Mario Draghi accepted a request from Italy's president to attempt to form a national unity government as the country battles its most severe economic crisis in a generation

## COMPANY NEWS

Another very busy week for company results:

- BP** reported its first annual loss in a decade while **Royal Dutch Shell** reported full-year profits at the lowest level since 2005
- Unilever** shares ended the week lower as operating profits came in lower than expected and margins fell in response to Covid related costs
- Amazon** continues to power ahead with net sales for the fourth quarter up 44% to \$125.6bn
- Alphabet** revenues were up 23% as its core advertising business was very strong
- Compass** issued a trading statement showing that while quarterly revenues continue to be weak, operating margins have improved
- Novo Nordisk** profits beat expectations and raised its dividend

## SMALL-CAP NEWS

One company to come out stronger the other side of Covid-19 will clearly be **Venture Life**, the self-care specialists. Revenue rose by 49% to £30.1m last year and (adj) EBITDA doubled to £6m. With a substantial equity raise in December, we look forward to further bolt on acquisitions that management can look to improve under the company's umbrella

## THIS WEEK IN HISTORY

**1637:** The Holland tulip market suddenly crashes. Within a day there are no buyers for tulips at any price, after reaching prices as high as 6,000 Guilders for a single bulb. This week represented the peak of the now infamous tulip bubble

**1971: Rolls Royce** declares bankruptcy triggered by huge losses incurred in developing engines for Lockheed's new Tri-Star Airbus. The aero-engines side of the business was nationalised, while ownership of the cars division was retained by the receiver and, by 1990, the Rolls-Royce empire had returned to the private sector

## LOCKDOWN LOWDOWN

An entertaining finale to the Reddit / Robinhood short squeeze drama as Elon Musk takes to the social-networking, invitation only based app, Clubhouse, only for retail investors to furiously bid up the price of the wrong stock. **Clubhouse Media Group Inc.** saw its shares surge 250% in a week before retail punters realised they had targeted the wrong company

## MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
UK Equities (% return GBP)	1.07	-1.97	-12.10	31.30
World Equities (% return GBP)	4.27	2.44	11.41	116.88
10 Year US Treasury Yield	1.17	0.96	1.66	1.86
GBP / USD (fx rate)	1.37	1.36	1.30	1.45

As at 5<sup>th</sup> February 2021. Source: Financial Express

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**Vermeer Partners**

130 Jermyn Street, London, SW1Y 4UR

T +44 (0)20 7123 5200

E [info@vermeerllp.com](mailto:info@vermeerllp.com)

[vermeerllp.com](http://vermeerllp.com)

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