

# THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 3<sup>rd</sup> July 2020



## MACRO

- Boris “FDR” Johnson’s statement on infrastructure spending highlighted the overarching aim to unlock the UK’s complex planning system
- In the US, a strong jobs report highlighted low paid jobs going back to work
- China imposed national-security laws in Hong Kong – aiming to subdue protests that have been swelling for the past year – in a move that is likely to amplify U.S.-China tensions and threaten the “Phase-One” trade deal

## STATISTIC OF THE WEEK

Some interesting stats from Cowen on hydrogen fuel: the fuel cells that burn hydrogen are much more efficient and cost effective. Electrolyzers used to create hydrogen are also more cost efficient. They now only require 2-3 gallons of water to convert into 1kg of hydrogen. And finally, electricity is much cheaper. The “magic number” is \$40/MWh. Any cost of electricity below this and process becomes viable. For example, solar power in California is providing electricity for \$20-25 Mw/h.

## COMPANY NEWS

- **Royal Dutch Shell** forecasts \$60 per barrel oil long-term and makes downward adjustments to their expected returns on energy projects accordingly. Meanwhile, **BP** sold its petrochemicals business to Ineos for \$5bn
- **Smith & Nephew** said that performance improved as the quarter progressed - with the year-on-year underlying revenue decline in June of 12% improving from a 27% decline in May and a 47% decline in April
- **Fevertree** held a very positive analyst call with management talking about strategic development in the US and impressive sales versus supermarket own-brands

## FUNDS

We enjoyed a call with a European equity fund who suggested that pharmaceutical companies providing solution to diabetes could see another growth spurt from

the emergence of so-called “Type-3 Diabetes”. This is a term that has been proposed to describe the hypothesis that Alzheimer’s disease is triggered by a type of insulin resistance and insulin-like growth factor dysfunction that occurs specifically in the brain.

This condition also has been used by some to describe people who have type 2 diabetes and are also diagnosed with Alzheimer’s disease dementia. The classification of type 3 diabetes is highly controversial, and it’s not widely accepted by the medical community as a clinical diagnosis.

## THIS WEEK IN HISTORY

**2007:** the first **Apple** iPhone goes on sale for \$600 with 16GB of storage. At the time, it was only available to **AT&T** customers

**2009:** Bernie Madoff is sentenced to 150 years in prison for running his massive Ponzi scheme

## RE-OPENING TIMES

England reopened pubs and restaurants on Saturday after three and a half months - exception made for the city of Leicester, which is undergoing further restrictions following an infection spike - but gatherings are still limited to a maximum of six people.

In addition to the reopening of much of the hospitality sector, couples can tie the knot once again, people can go to their local cinema and also finally get a haircut.

## MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
<b>UK Equities (% return GBP)</b>	-0.01	-3.43	-17.35	11.40
<b>World Equities (% return GBP)</b>	2.04	1.39	3.70	80.77
<b>10 Year US Treasury Yield</b>	0.81	0.77	1.96	2.40
<b>GBP / USD (fx rate)</b>	1.25	1.26	1.26	1.56

As at 3<sup>rd</sup> July 2020. Source: Financial Express

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