

# THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 12<sup>th</sup> February 2021



## MACRO

- In the UK, official GDP figures for 2020 come in at -9.9%, the worst economic performance in over 300 years
- In the US, the S&P 500 and NASDAQ indices close the week at all-time highs
- Renewed hope for an improved investment climate in Latin America as Brazil finally gives its central bank autonomy from its politicians

## STATISTIC OF THE WEEK

Our thanks to RM Funds this week for pointing out an obvious but often overlooked statistic. As the reflation trade gathers pace and the nominal bond yield rises, investors who had sought refuge in 30-year risk-free government bonds will have seen c.8.25 years' worth of interest coupons evaporate (in 10 days). Counterparty risk might be low, but the duration risk not so low.

## COMPANY NEWS

- **Coca Cola's** revenue fell 3% to \$8.6bn in the fourth quarter, reflecting lower volumes and prices. Revenue was also held back by reduced consumption in pubs and restaurants because of the pandemic. Full year organic net revenue fell 9% to \$33.0bn
- **Royal Dutch Shell** said its oil production and carbon emissions have peaked and that it will spend up to \$6bn a year in its push towards renewables
- Shares in **Eli Lilly** finished the week lower after announcing that CFO Joshua Smiley had resigned. The company stated that he had resigned after it became aware of an inappropriate relationship with an employee

## SMALL-CAP NEWS

A company at the coal face of British business updated the market on Friday with expectations that they would beat current consensus and therefore upped their dividend. Unfortunately **FRP Advisory** are administration experts and their "outlook...remains positive, although there is still uncertainty around the shape and scale of the economic

recovery from the Covid-19 pandemic and additional pressures on some businesses from the UK leaving the EU," said Chief Executive Geoff Rowley

## THIS WEEK IN HISTORY

**1987:** Having been instructed to prepare for privatisation in 1981 by the Thatcher Conservative government, **British Airways** led by Lord King is floated on the London Stock Exchange and takes over British Caledonian, the UK's "second airline" in July that year.

**2000:** **Pets.com**, the poster-boy for the internet bubble of the late nineties, IPO's at \$11 per share. The share price peaks at \$14 before collapsing

## LOCKDOWN LOWDOWN

A lot of talk about crypto-currencies this week, but in China both Beijing and Suzhou announce that they will issue a total of 40mn Yuan (US\$6.2mn) in the latest trials of the nation's digital currency this week in a bid to boost consumption over the upcoming Lunar New Year holiday. The digital yuan, known officially as the Digital Currency Electronic Payment (DCEP), is part of China's plan to move towards a cashless society fuelled by the rise of dominant fintech platforms like **Tencent's** WeChat Pay and **Alibaba's** Alipay.

## MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
<b>UK Equities (% return GBP)</b>	1.55	-2.51	-11.28	36.44
<b>World Equities (% return GBP)</b>	0.77	1.51	10.78	123.48
<b>10 Year US Treasury Yield</b>	1.20	1.15	1.62	1.74
<b>GBP / USD (fx rate)</b>	1.38	1.37	1.30	1.45

As at 12<sup>th</sup> February 2021. Source: Financial Express

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