

# THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 16<sup>th</sup> October 2020



## MACRO

- The Bank of England has written to all the major UK banks asking for their thoughts on negative rates
- In the US, first-time claims for unemployment benefits totalled 840,000 last week, higher than expected in another sign that the spike in job growth over the summer has cooled heading into Election Day
- It was announced on Thursday that London and other regions of the UK would be moved to a tier 2 level of restrictions from midnight on Friday

## STATISTIC OF THE WEEK

Highlighting the difficulties of not just developing a vaccine but also delivering it, a leading healthcare fund this week showed us how the potential size of the delivery is enormous. Just providing a single dose to 7.8 billion people around the world would fill 8,000 (Boeing) 747 cargo aircraft

## COMPANY NEWS

- **JP Morgan** reported results better than expected, beating on the bottom line, and setting aside much lower CV19 reserves than in its two previous quarters
- **LVMH** enjoyed good quarterly results highlighting strong growth in its fashion and leather goods division
- **Randall & Quilter** reported good earnings growth and showed its fast-growing program management business entering profitability for the first time

## FUNDS

**Temple Bar's** new managers RWC show that the UK market is at its biggest discount to global equities in over 30 years and that value stocks stand at a record discount to growth stocks

## SMALL-CAP NEWS

**Volex** updated the market this week saying trading was ahead of expectations and had improved since the AGM at the end of July. They expect H1 sales to be at least \$200m and we look forward to reading the print on 12<sup>th</sup> November.

Another pointer to the trend of consumers upgrading their electrical goods whilst at home. Volex also supplies cables into data centres and electric vehicles and these themes obviously continue to grow meaningfully

## THIS WEEK IN HISTORY

**1915:** The New York Stock Exchange changes the way stocks are quoted. They will now be quoted in terms of dollars per share, instead of percent of par

**2014:** A "flash crash" leads to the most volatile day in US Treasury markets in 50 years. The yield on the US 10-year note fell 34 basis points from 2.2% to as low as 1.86% in a matter of just minutes. The sharp turn lower began at 9:34 am, and yields had recovered by 9:45.

## IT ALL ENDS IN TIERS

In perhaps the true tragedy of Coronavirus, **Nestle** announce that disruption caused by the pandemic means that Quality Street were unable to produce the hotly anticipated new light blue wrapper chocolate caramel brownie. Fans are concerned that this could be the first Christmas where the Quality Street tin looks set to be one flavour short of the full range

## MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
UK Equities (% return GBP)	-1.84	-2.94	-16.68	9.79
World Equities (% return GBP)	0.24	2.28	12.51	95.82
10 Year US Treasury Yield	0.75	0.69	1.75	2.04
GBP / USD (fx rate)	1.29	1.30	1.28	1.54

As at 16<sup>th</sup> October 2020. Source: Financial Express

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