

# THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 29<sup>th</sup> January 2021



## MACRO

- The UK unemployment numbers come in at just over 5% but continue to be dampened by the furlough schemes while the redundancy rate has picked up materially
- A global semiconductor shortage has hit global carmakers and could also disrupt orders for memory chips used in smartphones
- In the US, the new Biden administration said that it would put Trump's 2020 trade deal with China "under review"

## COMPANY NEWS

- **Microsoft** announced revenues up 17%, continuing to show how it invests to stay ahead while distributing excess cash to shareholders
- **LVMH** reported quarterly revenue down only 3% as sales from its fashion brands offset areas such as Champagne that have slowed during the pandemic
- **Diageo** showed its resilience in the face of continued lockdowns and closures of hospitality venues with net organic sales up 1% over the second half of 2020
- **Apple** and **Facebook** both reported very strong results
- **Linde** said they would increase their dividend by 10% and put in place a new \$5bn share buyback
- **ITM Power** shares fell as they announced revenue hadn't kept up with the rise in the market cap. However, their electrolyser technology does mean they will be at the forefront of decarbonisation for years to come

## FUNDS UPDATE

An interesting take from **CG Asset Management** on the meteoric rise in Bitcoin. Whatever we may think about the crypto-currency's merits (and for what its worth CG are highly dubious) it stacks up incredibly poorly from an ESG perspective. Not only is its energy usage and therefore carbon footprint enormous, but also its primary use outside of speculation, is for settling illegal transactions including drug trafficking, money laundering and extortion. Institutions moving towards Bitcoin in their asset allocations

will need to square this with their increasing focus on how they invest responsibly

## SMALL-CAP NEWS

**Novacyt**, which was one of the first companies to bring clinically approved Covid-19 tests to market, has seen a transformational 2020 performance, with revenues up over twenty times. Who knows how long testing will be needed but talk about making hay when the sun shines

## THIS WEEK IN HISTORY

**2001:** The NYSE moves to reporting prices on a decimal system. The exchange, founded 200 years previously, had been based on the fractional system used by 17<sup>th</sup> century Spanish investors who traded gold doubloons, split in half, quarter or even one-eighth pieces so traders could count them on their fingers—while skipping their thumbs

**2003:** **AOL Time Warner** announces an annual loss of \$98.7 billion, the largest loss ever reported by a company. The loss was a result of write downs from AOL and Time Warner's ill-fated 2000 merger

## LOCKDOWN LOWDOWN

Extraordinary events as US hedge funds face an assault from an army of retail investors, many of whom are stuck at home flush with stimulus cheques from the government. A popular "short" **GameStop** finished the week 400% higher resulting in US fund Melvin Capital requiring a \$2.75bn cash injection

## MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
<b>UK Equities (% return GBP)</b>	-4.28	-2.87	-13.23	24.65
<b>World Equities (% return GBP)</b>	-3.82	-2.43	7.90	93.97
<b>10 Year US Treasury Yield</b>	1.07	0.94	1.60	1.94
<b>GBP / USD (fx rate)</b>	1.37	1.35	1.30	1.42

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*As at 29<sup>th</sup> January 2021. Source: Financial Express*

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