

# THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 8<sup>th</sup> January 2021



## MACRO

- The UK entered its third national lockdown, expected to last until March
- Democrats won both Senate elections in Georgia, giving them effective control of both houses of US Congress and making possible a radical shift in Joe Biden's agenda
- In response, the US 10-year treasury yield hit 1.12%, its highest level since the Covid pandemic began

## STATISTIC OF THE WEEK

Elon Musk becomes the richest person on the planet as, following **Tesla's** meteoric share price rise, his net worth passes \$185bn. He takes the top spot from **Amazon** founder Jeff Bezos, who had held it since 2017. Although Musk has some way to go to beat **Mansa Musa**, who historians estimate in modern currency was worth around \$400bn. Mansa Musa was the 14<sup>th</sup> century emperor of the West African Mali Empire, covering roughly 500,000 square miles of land. Most of his wealth came from gold and salt.

## COMPANY NEWS

- **Apple** saw consumers spend \$1.8bn during the last week of 2020, up from \$1.42bn the year before. New Year's Day set a single day spending record of \$540m
- **Sainsbury**, along with other UK supermarkets, continue to see strong trading. Christmas sales were up 9.3%
- **ITM Power** said the fit out of its 1GW per annum Gigafactory in Sheffield had been completed

## FUNDS

Jeremy Grantham of GMO Asset Management, known for his success in consistently identifying and avoiding stock market bubbles, said this week that the US stock market is in a "fully-fledged epic bubble".

## SMALL-CAP NEWS

Following the confirmation of the "blue wave" in the US election it was stocks of a different colour – green – that had the biggest boost this week with a number closer to home

such as **Ceres Power** and **ITM Power** rising further. The largest deal in this space however was US based **Plug Power**, who received a \$1.5bn investment for 10% of their equity by the South Korean **SK Group**. We look forward to seeing other large-cap companies increase their environmental credentials through M&A.

## THIS WEEK IN HISTORY

**1782:** The Bank of North America, the first commercial bank in the United States, opened its doors. The bank would become the de facto central bank for the United States until the First Bank of the United States took over in 1791

**1979:** The peak of the UK's Winter of Discontent as an unofficial strike of all TGWU lorry drivers begins. With petrol distribution held up, petrol stations closed across the country. The strikers also picketed the UK's main ports, prompting the Sun newspaper's famous headline "Crisis? What crisis?"

## LOCKDOWN LOWDOWN

If 2020 was a year where economists and financiers around the globe had to re-examine value for money, the first week of 2021 at least gave us some insight into what it might cost to rent a giant panda for a year. Edinburgh Zoo said that *Tian Tian* and *Yang Guang*, the UK's only giant pandas, may have to return to China next year thanks to a shortfall in funds. The pair cost around £1m a year to lease.

## MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
UK Equities (% return GBP)	6.39	4.66	-8.09	38.09
World Equities (% return GBP)	2.97	2.57	14.51	113.07
10 Year US Treasury Yield	1.12	0.92	2.73	2.13
GBP / USD (fx rate)	1.36	1.34	1.31	1.46

As at 8<sup>th</sup> January 2021. Source: Financial Express

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