

THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 25th September 2020



MACRO

- In the UK, the Purchasing Managers' Index for September fell to 55.7, from a 72-month high of 59.1 in August, as business leaders reported a fall in optimism and consumer confidence
- The government declared the end of the UK's rail franchising system in the UK as it unveiled a rescue deal to keep train operating companies afloat for the next 18 months
- NS&I said it was cutting rates on its popular income bonds which will fall from 1.15% to 0.01%, while the odds on Premium Bond prize funds will also fall

STATISTIC OF THE WEEK

The UK government borrowed £35.9bn in August, a record high for August, and the third highest monthly borrowing on record. Borrowing for the first five months of the financial year has now surpassed the entire annual total in 2008 at the peak of the financial crisis

COMPANY NEWS

- **HSBC** and other bank shares fell in response to media reports over money laundering allegations
- **Nikola** founder Trevor Milton stepped down in response to fraud charges
- **Halma** released good numbers showing the resilience of its end markets and defensive nature of its business model
- **Nike** had very good results underpinned by a surge in online sales

FUNDS

A top performing gold and silver fund showed us data to evidence how a 5% allocation to precious metals can reduce volatility compared to a traditional equity and bond portfolio

SMALL-CAP NEWS

Boohoo received the full 230-page independent report from Alison Levitt QC which confirmed that whilst it put in place plans to remedy malpractices in its Leicester supply chain, it did not move quickly enough to action them. Given the strong social and governance focus around this company it will be interesting to see how ESG funds respond

THIS WEEK IN HISTORY

1889: the Japanese company **Nintendo** is founded. It was originally a producer of playing cards

1931: the UK abandons the gold standard

RE-OPENING TIMES

Transport for London said that on average just 771,000 passengers used the London Underground network each morning last week, around a third of normal demand but only 2.3% down on the same period last week, despite new guidance from No. 10 around home working.

It was a similar story on London buses - there were 989,000 bus journeys made each day - down just 0.6% on the previous week (but at 56% of pre-pandemic levels).

MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
UK Equities (% return GBP)	-2.82	-3.23	-18.79	13.81
World Equities (% return GBP)	0.26	-0.71	6.11	97.15
10 Year US Treasury Yield	0.66	0.69	1.73	2.17
GBP / USD (fx rate)	1.27	1.31	1.24	1.52

As at 25th September 2020. Source: Financial Express

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