

# THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 6<sup>th</sup> August 2021



## MACRO

- In the UK, the Bank of England declared that “some modest tightening of monetary policy is likely to be necessary” warning that inflation will peak at around 4% later this year
- In the US, employment data was weaker than expected – perhaps more to do with stimulus cheques than fundamentals – while PMI services numbers were strong
- More troubling Covid data coming out of China as more than 400 cases of the highly contagious Delta variant have been detected across 25 cities, including Beijing, and unofficial figures may well be higher

## STATISTIC OF THE WEEK

It was revealed this week that only around 5% to 10% of UK businesses that used the Bounce Back Loan Scheme last year have missed repayments, which became due from May this year. A masterclass in expectation management, as the Government had originally estimated that between 35% and 60% of borrowers might default on the loans. This would have left the taxpayer on the hook for up to £28 billion.

## COMPANY NEWS

- **Meggitt**, the UK aerospace and defense company, is to be taken over by US rival Parker Hannafin
- **Zimmer Biomet** revealed Q2 results and the CEO was a little more downbeat as clearly it is taking longer for procedural surgery to get back to pre-pandemic levels
- **Novo Nordisk** brought forward their results and the shares were very strong due to the strength of early data for their new obesity product, Wegovy
- **Toyota** released very strong results and earnings way ahead of expectations. Toyota has fared better than rivals through the chip crisis thanks to its much larger stockpile of chips

## SMALL-CAP NEWS

**Venture Life**, the UK based consumer self-care group, announced they were putting more of the money they raised

at the start of the year to work. This has taken longer than the market had been expecting, but the quality is high, well established and will be immediately earnings enhancing. They are acquiring a cancer support company called Helsinn Healthcare SA, which includes three on-market oncology support products including: Gelclair, an oral rinse for the management of cancer treatment symptoms; Pomi-T, a mix of wholefoods used to manage prostate cancer; and Xonrid, a hyaluronic acid-based topical gel to prevent and treat radiation induced dermatitis. The company was able to manufacture these products under their previous ownership and therefore integration should be relatively quick

## THIS WEEK IN HISTORY

**1990:** Iraq invades Kuwait. The UK stock market falls 18% over the following few months

**1995:** in the second-largest corporate takeover ever at the time, **Disney** announces it is to buy **Capital Cities ABC Inc.**, America's most profitable group of television stations as well as being the owner of ESPN

## RE-OPENING TIMES

**PepsiCo** announced that it was selling Tropicana and Naked Juice, once considered healthy options, but now seen by Pepsi as low-growth as they seek to focus on calorie-free beverages, energy drinks and products that they claim are better for the environment such as SodaStream

## MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
UK Equities (% return GBP)	1.40	0.72	22.41	24.36
World Equities (% return GBP)	0.87	1.14	26.34	90.19
10 Year US Treasury Yield	1.30	1.37	0.55	1.59
GBP / USD (fx rate)	1.39	1.38	1.31	1.31

As at 6<sup>th</sup> August 2021. Source: Financial Express

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