

# THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 28<sup>th</sup> August 2020



## MACRO

- A major shift in rhetoric from the Federal Reserve who said that inflation will be able to move out of the 2% range thereby increasing the likelihood that interest rates will remain lower for longer
- US bond yields reach their highest point since mid-June and the dollar was weaker
- Japanese Prime Minister Abe, the architect of corporate and economic reforms in Japan, announced he will be stepping down for health reasons

## STATISTIC OF THE WEEK

This week saw the most significant changes to the Dow Jones Industrial Average Index in years as three new companies joined the 30-strong index. The most notable change was the eviction of 100+ year veteran **Exxon Mobil** to be replaced by **Salesforce.com**.

## COMPANY NEWS

- Jack Ma's Chinese payments company **Ant Group** filed documents for an IPO which could raise a record \$30bn in new equity
- **Veolia**, the French water and waste management group, offered to buy 29.9% of **Suez** held by utility group **Engie** as a prelude to launching a full bid
- **Provident Financial** reported a 13.4% decline in its loan book to £1,878m which drove a 12.5% reduction in revenue to £411.4m; but said that surplus capital is now 44% of its market capitalisation

## SMALL-CAP NEWS

The translation companies **SDL** and **RWS** unveiled plans for a merger this week which had been a rumour for years; and **MelodyVR**, the musical virtual reality company, bought the American firm **Napster** – one of the first companies to see music as MP3's rather than vinyl / compact discs.

## THIS WEEK IN HISTORY

**1857:** Following the revelation that a cashier at Ohio Life Insurance had embezzled nearly all of the company assets, the ensuing stock market panic causes what was at the time the worst financial crisis America had ever seen

**2014:** The S&P 500 Index closes above 2,000 for the first time

## RE-OPENING TIMES

The price of a peanut has fallen to multi-year lows as the disruption to airlines, hotels and pubs has created a supply glut and lack of demand. Benchmark US almond prices have fallen about 40% this year, while walnuts are down 18% and cashew nuts down 10%. But a 90g pack of toasted pine nuts in Waitrose still costs £4.

## MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
UK Equities (% return GBP)	-0.65	-2.37	-14.97	13.08
World Equities (% return GBP)	0.74	3.88	8.48	87.71
10 Year US Treasury Yield	0.74	0.59	1.47	2.19
GBP / USD (fx rate)	1.34	1.29	1.22	1.54

As at 28<sup>th</sup> August 2020. Source: Financial Express

This publication has been produced by Vermeer Investment Management Limited (VIM) trading as Vermeer Partners. It is provided for information purposes only. VIM makes no express or implied warranties and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this publication. VIM will not treat unauthorised recipients of this publication as its clients. Prices shown are indicative and VIM is not offering to buy or sell or soliciting offers to buy or sell any financial instrument.

Without limiting any of the foregoing and to the extent permitted by law, in no event shall VIM, nor any of its officers, directors, partners, or employees, have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this publication or its contents.

**Vermeer Partners**

130 Jermyn Street, London, SW1Y 4UR

T +44 (0)20 7123 5200

E [info@vermeerllp.com](mailto:info@vermeerllp.com)

[vermeerllp.com](http://vermeerllp.com)

# THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 28<sup>th</sup> August 2020



Other than disclosures relating to VIM, the information contained in this publication has been obtained from sources that VIM believes to be reliable, but VIM does not represent or warrant that it is accurate or complete. VIM is not responsible for, and makes no warranties whatsoever as to, the content of any third-party website referred to herein or accessed via a hyperlink in this publication and such information is not incorporated by reference.

The views in this publication are those of the author(s) and are subject to change. VIM has no obligation to update its opinions or the information in this publication. This publication does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the client who receives it. Any securities discussed herein may not be suitable for all investors. VIM recommends that investors independently evaluate each issuer, security or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

This material has been issued and approved for distribution in the UK and European Economic Area by VIM.

©2019 Vermeer Investment Management Limited. All rights reserved. No part of this publication may be reproduced or redistributed in any manner without the prior written permission of VIM.

VIM is authorised and regulated by the Financial Conduct Authority (FRN: 710280) and is incorporated in England and Wales (company number: 09081916).