

THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 20th August 2021



MACRO

- In the US, minutes released from the last FOMC meeting showed that most Fed officials agreed that they should start tapering this year
- In the UK, inflation rose at an annual rate of 2% in July, slower than 2.5% in the previous month
- The UK overall employment figures for June came in at 32.3m, around 800k below the pre-COVID highs of January 2020

STATISTIC OF THE WEEK

China released economic data for July that showed slower than expected growth as it battled floods and a resurgence of Covid-19. The slowdown was particularly apparent in consumer spending whether it was on big-ticket items like cars or lower-cost products like cosmetics that can be bought through online e-commerce platforms. Retail sales rose by 8.5% in July from a year ago, lower than the forecast 11.5%, according to analysts polled by Reuters

COMPANY NEWS

- Luxury goods stocks such as **LVMH** and **Kering** fell this week on the back of comments from Chinese President Xi Jinping stating that China would work towards “common prosperity” that included proposals for income regulation and redistribution
- **Nvidia** shares closed higher after reporting second quarter results that were better than expected. Meanwhile the UK competition watchdog recommended an in-depth investigation into Nvidia’s planned \$54bn takeover of British chip designer **Arm**, saying there are “serious competition concerns” about the deal
- No surprises from **Persimmon** in their interim results as the company’s superior margins, as well as the buoyancy of the wider sector, are allowing them to ride cost pressures unharmed
- **Toyota**, the world’s largest carmaker, announced it would slash production by 40% next month as a result of the current global chip shortage

SMALL-CAP NEWS

It seems like people are taking paddle boards with them on their staycation but also a new fishing rod as **Angling Direct** reported 1H revenue growth of 20%, up 45% on a 2-yr basis. Growth in the UK drove this performance, with weakness in Europe reflecting Brexit trade issues. Tight lines!

THIS WEEK IN HISTORY

1998: the Russian government devalued the ruble and defaulted on domestic debt while declaring a moratorium on the repayment of foreign debt

2004: **Alphabet** shares start their first day of trading at \$85 per share – giving what was then Google a market cap of about \$23bn. The shares finish the first day of trading up 18% at \$100.34 per share

RE-OPENING TIMES

Amazon Prime Air, Amazon’s UK drone delivery service, has fallen back to earth as it announces the loss of 100 jobs. Five years after first conducting UK test flights, the project’s entire UK data analysis team is being made redundant. The systems required to make drones land outside people’s homes were heavier than the threshold used by some authorities to classify a small drone. Entering that higher weight category comes with a variety of extra regulations, including higher safety requirements to protect people on the ground from potential collisions

MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
UK Equities (% return GBP)	-2.04	3.75	21.62	21.95
World Equities (% return GBP)	-0.55	1.70	25.65	89.72
10 Year US Treasury Yield	1.26	1.23	0.65	1.58
GBP / USD (fx rate)	1.36	1.37	1.32	1.31

As at 20th August 2021. Source: Financial Express

Vermeer Partners

130 Jermyn Street, London, SW1Y 4UR

T +44 (0)20 7123 5200

E info@vermeerllp.com

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