

# THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 18<sup>th</sup> June 2021



## MACRO

- A setback for Boris Johnson as the Chesham and Amersham by-election, a Conservative stronghold since its creation in 1974, saw a 25% swing to the Liberal Democrats
- UK inflation jumped again, overshooting forecasts and the Bank of England target, as the price of consumer goods rose 2.1% in the year to May, up from 1.5% in April and the highest level since July 2019
- Shares on Wall Street had their worst week in nearly four months after comments from Federal Reserve policymakers signalled that the US central bank was acutely aware of growing inflationary pressures

## COMPANY NEWS

- **Royal Dutch Shell** moved higher after it was reported that it was conducting a review into its assets in the Permian Basin by looking at potentially raising as much as \$10bn. The news follows the Dutch Court ruling that it must accelerate its emission reduction plans
- **JP Morgan** CEO Jamie Dimon suggested that trading revenue would decline, stating this quarter would be “more normal” for its fixed income and equities trading units
- **Oracle** ended the week lower after guiding revenue growth lower, noting they would increase cloud investments to drive longer term growth

## FUNDS

The UK's most prominent investor in technology companies, **Baillie Gifford**, has endorsed a decision by the founders of **Wise**, the fintech app, to pursue a public listing which will give them super-sized voting rights. In an unusual move, founder, Kristo Kaarmann, is boosting his voting power from 19.8% to 49.9% and, once listed, his shares will carry nine times as many votes as any new investors buying in

## SMALL-CAP NEWS

**Marlowe** continued its acquisition spree by buying an employment law compliance specialist, Cater Leydon

Millard, for £2.25m. Elsewhere there was a very positive update from **Volex** which was ahead of guidance. Strong consumer electronics, electric vehicle charging solutions, and data centre product demand have been key drivers of the sequential acceleration in H2 revenue growth and results for the year that are higher than the upgraded guidance provided in April

## THIS WEEK IN HISTORY

**1970:** The UK conservative party led by Edward Heath wins the general election. The win was considered unusual because all the opinion polls had predicted an easy win for the Labour party led by Harold Wilson

**1983:** The IPO of **Amgen** at \$18 per share, valuing the company at \$190m before falling more than 60% after the first five months of being publicly traded. Today, Amgen is worth more than \$135bn and is one of the largest biopharmaceutical companies in the world

## RE-OPENING TIMES

This week saw a tougher stance from bank bosses on staff returning to the office. In the US, Morgan Stanley chief executive, James Gorman, said “If you can go into a restaurant in New York City, you can come into the office.” The same day saw Goldman Sachs order its US based employees back to the office, while other rival JP Morgan Chase & Co's July deadline for staff returning is fast approaching

## MARKET DATA

| % returns                            | 1 Week | 1 Month | 1 Year | 5 Years |
|--------------------------------------|--------|---------|--------|---------|
| <b>UK Equities (% return GBP)</b>    | 0.41   | 1.83    | 18.27  | 40.79   |
| <b>World Equities (% return GBP)</b> | 0.73   | 4.38    | 22.72  | 110.92  |
| <b>10 Year US Treasury Yield</b>     | 1.45   | 1.64    | 0.71   | 1.62    |
| <b>GBP / USD (fx rate)</b>           | 1.38   | 1.41    | 1.24   | 1.44    |

As at 18<sup>th</sup> June 2021. Source: Financial Express

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