

THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 14th August 2020



MACRO

- UK GDP for the second quarter comes in at -20.4%, the deepest quarterly contraction on record; but output grew by 8.7% in June, faster than expected
- In the US, Joe Biden, who remains ahead of Trump in the polls, named Kamala Harris as his running mate. She is the first woman of colour to join a major US party's national ticket
- Following a rise in coronavirus cases in France, mainly centred around Paris and Marseilles, Boris Johnson imposed a two-week quarantine on Brits returning from France

STATISTIC OF THE WEEK

A new survey from Kings College London which took in detailed interviews from a sample of 2,237 UK residents aged 16-75 showed that if no treatment for coronavirus can be found, an enormous 87% would accept local lockdowns.

COMPANY NEWS

- **Nike** shares performed well following a positive second quarter sales update from **Footlocker**, the New York-based specialty athletic retailer
- **Prudential** announced that it intends to fully separate its US insurance business, Jackson, commencing with a minority IPO planned for first half of 2021 and full divestment over time
- Quarterly results from **Cisco** showed weaker than expected sales but marginally better profits as they were able to cut costs during the quarter

FUNDS

An update from an analyst who covers the renewable infrastructure funds showed how the sector has grown more reliant on the vagaries of the wholesale power price as subsidy regimes have fallen away; and in some cases have debt structures that would not be able to withstand a prolonged fall in power prices.

THIS WEEK IN HISTORY

1920: Charles Ponzi is arrested. After the fraud was announced, it would bring down five banks, most notably the Hanover Trust. In total, about \$20 million was lost to Ponzi's scheme

1998: Russia puts capital controls on the ruble, attempting to limit the currency's decline. Russia's stock market falls 6% on the news and is down 75% year to date. Short term interest rates in Russia are at 200% at the time

RE-OPENING TIMES

UK Chancellor Rishi Sunak's "eat out to help out" scheme looks to be a great success. Diners used the scheme more than 10.5 million times in its first week, the Treasury has said. Research showed that food sales in pubs and restaurants were up by between 95-106% on the first three days of the scheme.

MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
UK Equities (% return GBP)	1.40	-1.29	-13.15	10.22
World Equities (% return GBP)	0.80	0.46	7.05	79.09
10 Year US Treasury Yield	0.71	0.63	1.59	2.20
GBP / USD (fx rate)	1.31	1.26	1.21	1.56

As at 14th August 2020. Source: Financial Express

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Vermeer Partners

130 Jermyn Street, London, SW1Y 4UR

T +44 (0)20 7123 5200

E info@vermeerllp.com

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