

The Week Ahead, 12th April 2021

UK GDP, US Retail Sales, Tesco, US Banks

Our pick of the top macro data points and companies reporting this week. Those in bold are discussed below.

ECONOMIC DATA

Monday 12th April	Eurozone Retail Sales US ISM Non-manufacturing PMI
Tuesday 13th April	China Trade Balance UK GDP German ZEW Index US CPI
Wednesday 14th April	Australia Westpac Consumer Confidence US EIA Crude Oil Inventories
Thursday 15th April	Australia Employment Data

	US Retail Sales US Initial Jobless Claims
Friday 16th April	China GDP US Housing Starts & Building Permits US Michigan Consumer Confidence
COMPANY ANNOUNCEMENTS	
Monday 12th April	N/A
Tuesday 13th April	JD Sports JustEat Takeaway.com LVMH
Wednesday 14th April	Tesco Goldman Sachs JP Morgan Chase Wells Fargo
Thursday 15th april	easyJet

	Hays Deliveroo Travis Perkins Bank of America Citigroup Pepsico
Friday 16th April	Morgan Stanley Man Group

KEY THEME

Key themes:

This week is set to be a busy with a slew of economic indicators, England entering its second stage of the roadmap out of lockdown and US banks earnings season kicking off.

Meanwhile the vaccine drive in the US is reaching record levels, setting the scene for a strong US economic recovery. The picture in Europe is less encouraging with cases rising and lockdowns tightening. Although the vaccine programme is expected to pick up in the coming weeks which has helped lift forward looking markets.

THE WEEK AHEAD

Monday

n/a

Tuesday

JD Sports

At the start of the year, JD Sports said that full year profits would be £400 million, a good deal more than the £295 million expected. The group added that trading was robust and like for like sales were up over 5% thanks to strong digital sales. An impressive performance and one that is expected to continue through the year with profit growth of 5-10% expected across the year. Investors will be particularly keen to see whether the latest lockdown restrictions in Europe have impacted those targets.

LMVH

2020 was a very tough year for LVMH as the pandemic resulted in store closures and travel restrictions hitting revenue streams hard. In Q2, peak pandemic revenue tumbled 38%. However, thanks to a recovery in the US & Asia revenues were just 3% lower by Q4. This weeks' numbers will reveal whether the positive trend continues. However, with lockdowns ongoing in Europe and international travel restrictions meaning airport shopping is still limited, revenue is not expected to be surging higher yet. Any plans surrounding the Tiffany acquisition will be closely scrutinised.

UK GDP

After a better than expected 2.9% contraction in January, optimism has been on the rise that the first quarter contraction will be slightly less than the 4% expected by the Bank of England just at the start of the year. After recent PMI data has shown strong gains, any contraction in the first three months of the year is expected to be clawed back by a rebound in the second quarter. On a monthly basis GDP is expected to rise 0.6% in February despite the ongoing lockdown. Watch GBP.

Wednesday

Wednesday

Tesco

Tesco is due to release final results for the 12 months until the end of February, which incidentally coincides with the covid pandemic period. The supermarket has remained open throughout the pandemic and has also gained market share thanks to growth in digital sales whilst the likes of Aldi & Lidl haven't fared so well. Even so, operating profits are expected to fall some 37.5% due to a ramp up in investment. Operating margins will be in focus. Tesco put in a solid performance over Christmas, but competition in the sector is fierce and investors will be keen to hear whether the run up to Easter was similarly strong.

JP Morgan

Last quarter JP Morgan had an exceptional performance in both earnings and revenues. The bank reported EPS of \$3.79 against \$2.72 expected on revenue of \$30.1 billion against \$28.7 billion expected. Trading revenue jumped 20% and investment bank revenue surged 37%. Meanwhile, net interest income dropped 7% -given the recent climb in yields this is unlikely to be repeated this quarter. JP Morgan release \$2.9 billion in reserves last quarter. Given the monster Q4 earnings, Q1 is expected to come in lower, but still up on Q1 of 2019.

Goldman Sachs

Back in January GS reported EPS\$12.08 on revenues of \$11.74 billion. The equities division was the star performer with revenues surging 40% YoY. The investment banking division also performed well with 27% growth. Attention is likely to remain on the equities division this quarter amid the fallout out from the collapse of Archegos Capital, and what the hit to GS amounts to. Expectations are for EPS \$8.28.

Coinbase IPO

The cryptocurrency trading platform is due to go public through a direct listing on the Nasdaq. In private share trading early last month the company was valued at \$90 billion. However, given ongoing crypto trading boom, this value could well have increased since then. The firm reported that active users on the platform had surged from 2.8 million to 6.1 million in the final three months of 2020 whilst Coinbase account holders rose from 56 million from 43 million. 2020 and the beginning of 2021 has seen a surge in demand for cryptocurrencies, demand for the IPO could give an indication as to whether growing interest in cryptos has more room to run.

EX- Dividends

FTSE100: Barratt Development, Lloyds, Standard Life Aberdeen, Legal & General, St James' Place

FTSE250: Jupiter, Istock, Unite, Vesuvius, OSB Group

Thursday

Deliveroo update

Hot on the heels of its floatation, Deliveroo is set to reveal a first quarter trading update. Revenue growth is almost a given, the question is at what rate. Lockdown conditions have been a huge plus for the delivery group. However, the reopening of the economy will see some demand wane. The second half of 2020 the company turned a profit and Q1 of this year could well also see a profit reported. Investors will be watching expectations for the rest of the year and particularly margins which are extremely thin.

US Retail Sales

US consumer spending has recovered across the pandemic thanks principally to US Federal government stimulus payments. A \$900 billion stimulus package agreed at the end of last prompted a significant rebound in January retail sales, which surged 5.3%. This was then followed by a 3% decline in sales ahead of a new stimulus package being signed off March, which is broadly expected to have a similar effect as the stimulus previous stimulus packages. Furthermore, the US labour market is showing signs that its recovery is on the right track so consumer sentiment should continue picking up, which when combined with the strong vaccine rollout should mean that consumer spending will continue to rise over the coming months. Watch USD, US indices.

Friday

China GDP

Expectations are for the Chinese economy to rebound 17.9% in the first three months of the year, a figure which is inflated by the covid hit in the same period a year earlier when the GDP contracted 6.8%. On a seasonally adjusted quarter on quarter basis growth of 1% is expected as momentum slows from 2.6% quarterly gain in the final quarter of 2020. Virus resurgence and the associated tightening of social restrictions in some areas is expected to cause a deceleration of growth in the first quarter of the year. Watch China indices, CNH crosses & UK miners.

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