

The Week Ahead, 19th April 2021

UK Retail Sales, ECB Rate Decision, Netflix & Taylor Wimpey

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

ECONOMIC DATA

Monday 19th April	N/A
Tuesday 20th April	UK Unemployment Data
Wednesday 21st April	UK CPI Canada CPI BoC Rate Decision EIA Oil Inventories
Thursday 22nd April	ECB Rate Decision Eurozone Consumer Confidence US Initial Jobless Claims
Friday 23rdth April	

	<p>UK Retail Sales</p> <p>Eurozone Manufacturing & Services PMI</p> <p>UK Manufacturing & Services PMI</p> <p>US Manufacturing & Services PMI</p>
COMPANY ANNOUNCEMENTS	
Monday 19th April	<p>Premier Foods</p> <p>Coca-Cola (US)</p>
Tuesday 20th April	<p>Associated British Foods</p> <p>Rio Tinto</p> <p>BHP Group</p> <p>United Airlines (US)</p> <p>Netflix (US)</p>
Wednesday 21st April	<p>Heineken</p> <p>Antofagasta</p> <p>Polymetal</p>
Thursday 22nd april	<p>Taylor Wimpey</p> <p>Anglo American</p>

	Rentokil
	Snap (US)
	Intel (US)
Friday 23rd April	American Express

KEY THEME

Key themes:

Last week centred around growing economic strength as economies reopened particularly in the US and the UK. Meanwhile developing countries, such as India, are seeing covid cases skyrocket raising concerns over their economic outlook.

Geopolitical tensions resurfaced between Russia & US as Russia and Ukraine are reportedly on the brink of war. Geopolitical tensions could continue to escalate across the coming week.

US earning season continues with the FANGs in focus, as Netflix kicks things off for the big tech stocks.

THE WEEK AHEAD

Monday

Coca-Cola

2020 saw Coca-Cola generate its lowest annual revenue in 12 years at \$33 billion owing to the impact from the pandemic. Whilst in Q4 Coca-Cola beat forecasts investors were far from impressed and the share price only picked up marginally and remains well below the highs of the previous year. Coca-Cola is in the process of slimming down its drinks portfolio whilst also slashing jobs amid cost cutting. Coca-Cola acquired Costa Coffee from Whitbread, however owing to ongoing lockdown restrictions revenue will be limited. However, with lockdown restrictions easing the outlook is expected to be much brighter. EPS is expected at \$0.50.

Tuesday

AB Foods

Primark owner AB Foods is due to report half year results. Few surprises are expected given that the group has issued no less than four trading statements since its full year results released in November. Primark has no e-commerce platform meaning that the lockdown restrictions in place since December will have seriously hit Christmas trade. In February AB Foods warned that closures of its Primark stores

caused £1.1 billion loss in sales and cash burn was at £650 million. The company said that it expects 83% of Primark stores to have re-opened by April 26. Any comments on the re-opening so far will be closely watched. Meanwhile, the grocery side of the business received a boost from stay at home orders. Although sales could start to normalize.

UK jobs data

The ILO unemployment rate fell to 5% in January, a slightly improvement from December's 5.1%. The February rate is expected to tick higher to 5.2%. The Bank of England have improved its outlook for the unemployment rate revising it lower as the government starts to withdraw furlough support which has propped up the labour market across the past 12 months. The BoE now expects unemployment to peak at 6.5%, rather than the 7.5% previously expected. Jobless claims for February saw a big rise to 7.5%, up from 7.2%, the highest level since August last year. The rise in claims was undoubtedly due to the lockdown restrictions. However, with the UK economy re-opening this figure should start to ease back towards 7%. Watch GBP

Netflix

In the final quarter of last year Netflix reported a n impressive 8.51 new subscribers and posted revenue of \$6.64 billion as it fended off rising competition from the likes of Disney, Apple TV and Amazon prime. At the same time, Netflix projected 6million subscriber growth in the first quarter of 2021, whilst profits were expected to come in at \$2.97 per share. Netflix even managed a price hike – so the big question will be if the rise in prices will see subscriber growth slow. The outlook will also be carefully eyed as lockdown restriction ease. Subscriber growth levels of last year are unlikely to be repeated.

Wednesday

Heineken

Heineken could see trading starting to pick up at the very least in the UK as pub gardens re-open. However, the UK market size isn't significant enough to turn Heineken's performance around by itself. More progress against the virus is needed still. However, that could well be coming over the course of the coming 6 months. On the release of full year results, Heineken expected trading to pick up substantially in H2 2021. However, with recent vaccine developments these forecasts could have altered and any commentary surrounding that will be watched closely. As economies reopen, on site sales in pubs and restaurants are expected to rise whilst off site, supermarket sales could ease. Helping margins to normalize.

EX- Dividends

FTSE100: Glencore, BAE Systems, Fresnillo, Antofagasta, Spirax-Sarco

FTSE250: Drax, Aggreko, Rathone, Sabre, Genuit, Bodycote

Thursday

Taylor Wimpey

After the mini housing boom through the second half of 2020, the 2021 selling season has also kicked off on the right foot. Demand is still expected to be strong, supported by the government's ongoing stamp duty holiday and the low interest rates offered by the banks. As a result, house prices are expected to continue rising. This makes it even more surprising that Taylor Wimpey said that it expects to build a smaller number than usual of affordable homes in 2021 at 17%.

ECB Rate Decision

The ECB aren't expected to adjust monetary policy, leaving interest rates and various asset purchase programmes where they are. Last week ECB President Christine Lagarde warned the eurozone economy is still strongly reliant on both monetary and fiscal stimulus, support which cannot be removed until the economy makes a full recovery. Other ECB members have supported her stance. However, some other council members have called for the bond buying programme to be tapered this year. This suggests that there could be a growing split with the ECB. Any signs that Christine Lagarde is rowing back on her dovish comments could help propel EUR/USD higher. Particularly given that the vaccine programme on the old continent is staying to pick up. Watch Euro, Dax.

Friday

UK Retail Sales

Retail sales in January plunged -8.2% as consumers stayed at home in the lock down post Christmas. That sharp decline was followed by a modest rise in February as consumers took advantage of the fact that DIY shops and garden centres remained open. March is unlikely to see a huge jump in sales with most consumers likely waiting until the April reopening to start spending again. The outlook for the coming months is significantly more upbeat with the strong vaccine rollout in the UK underpinning consumer confidence. The largest hit to retail sales was the closure of non-essential shops and hospitality such as bars, restaurants and pubs which are now reopening either fully in the case of shops, or at least partially opening for outside service in the case of hospitality. Watch GBP, retailers.

Risk Warning

Atlantic Capital Markets is Authorised and Regulated by the Financial Conduct Authority with FCA Register No 764562. CFDs are leveraged products that carry a high level of risk to your capital. 73% of retail investor accounts lose money when trading CFDs with this provider. They are not suitable for everyone, so please ensure you understand the risks and seek independent advice if necessary.

Privacy Notice

By registering your details, you request us hereby to provide you on a continuing basis (in writing, email and by telephone) with investor updates, information on our own products and services and those of selected partners and third parties. To enable us to do so, and for our marketing purposes, you agree that we may process and hold your data in both manual and electronic form.