

The Week Ahead, 5th April 2021

Covid Cases, FOMC Minutes, RBA, ASOS, Dunelm & Saga

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

ECONOMIC DATA

Monday 5th April	UK Bank Holiday US ISM Non-manufacturing PMI
Tuesday 6th April	China Caixin Service Sector PMI RBA Interest Rate Decision Eurozone Unemployment
Wednesday 7th April	Global Service Sector PMIs UK Service Sector PMI US Trade Balance

	<p>US EIA Crude Oil Inventories</p> <p>FOMC Minutes</p>
Thursday 8th April	<p>UK Construction PMI</p> <p>US Initial Jobless Claims</p> <p>US ISM Manufacturing PMI</p>
Friday 9th April	<p>China CPI</p> <p>Canada Employment</p>
COMPANY ANNOUNCEMENTS	
Monday 5th April	N/A
Tuesday 6th April	Homeserve
Wednesday 7th April	<p>Saga</p> <p>Hilton Foods</p> <p>PageGroup</p>

Thursday 8th april	ASOS Constellation Brands Dunelm Entain
Friday 9th April	N/A

KEY THEME

Key themes:

With month end, quarter end, NFP and OPEC all in the rear-view mirror the markets can get back to watching rising covid numbers, particularly in Europe, in addition to the latest vaccine developments. Tuesday is expected to see a decision by the UK vaccine regulator which could stop people under 30 from having the AstraZeneca covid jab.

Over in the US, discussions between the Democrats and the Republicans over President Biden's \$2 trillion infrastructure bill are likely to begin and continue for the coming weeks or months.

THE WEEK AHEAD

Monday

n/a

Tuesday

Homeserve

The home repairs & improvements is due to update the market, and investors will be keen to here how the firm sees its prospects coming out of lockdown. In H1 results reported in November, Homeserve lifted its interim dividend and said it expected full year profits to come in slightly ahead of expectations

of £186.2 million. Investors will be looking for confirmation surrounding this and if the firm still considers that the most recent lockdown made no fundamental difference to the businesses.

Reserve Bank of Australia

In its last meeting the RBA kept interest rates unchanged at 0.1%. They hold steady amid rising concerns over surging house prices after data in February revealed that that house prices shot up at the fastest pace in 17 years. Australia isn't alone in seeing a housing market boom, a similar story has played out in the UK and the US. RBA Governor, Philip Lowe, will no doubt be more concerned with the economic recovery from the pandemic, as well as unemployment levels, which have fallen back to 5.8% after peaking at 7.5% last year. Even so, RBA officials have been very dovish recently and today we'll find out if that is set to continue.

Wednesday

UK Services PMI

Businesses in the UK are gearing up for re-opening with the UK taking its next step along the re-opening path on Monday. Non-essential retailer will reopen their doors and pubs and restaurants will also be re-opening for outdoor business. Flash PMI numbers have reflected this gearing up in preparation by rebounding from 49.5 in February to 56.8 in March. With vaccinations ramping up and the warmer weather (hopefully) just around the corner, the service sector could see an even stronger second quarter.

Global Service PMI

China and the US have seen the service sectors rebound quickly from the pandemic and hold up well. This hasn't been the case elsewhere with the sector bearing the brunt of the hit from covid restrictions. Even in countries where the labour market recovery has been strong, the service sector has still struggled to match the headline number. A slow vaccine rollout in France and German is dragging on the economic recovery which was reflected in a weakening in the PMIs with both firmly in contraction territory. With covid rates on the rise and lockdown restrictions extended any recovery in the sector still looks some way off.

FOMC minutes

In the latest FOMC meeting, Fed Chair Powell walked a fine line between sounding optimistic regarding the outlook for the US economy without giving the impression that the US central bank could start tightening monetary policy sooner rather than later. The accelerated covid vaccine programme alongside President Biden's \$1.9 trillion stimulus programme has boosted market expectations of a quicker economic recovery sending US treasury yields sharply higher. At the meeting Fed Chair Powell was clear that an overshoot in inflation was acceptable in his eyes and this calmed market fears, at least for the time being. Investors will scrutinise the minutes for signs of any divisions in the Fed over the timing of tapering the bond buying programme or rate rises. Any hints of a rise prior to 2024 will be watched for, particularly in light of the improving labour market.

Saga

The holidays and insurance specialist for the over 50's has seen its business ravaged by the pandemic. Just last month Saga managed to negotiate additional refinancing on its lending arrangements in order to reinforce its financial position. Despite the strong vaccine rollout programme in the UK, the latest government guidance still suggests that it is too early to book holidays abroad for the summer. This means that international travel may only start to pick up at the end of this summer. That said, Saga are confident that there is plenty of pent-up demand. These results are unlikely to be as market moving as any green light from the government over international travel.

EX- Dividends

FTSE100: DS Smith, Smurfit Kappa, Mondi, Aviva, Rentokil, Smiths Group

FTSE250: Moneysupermarket.com, Grafton, Man, Direct Line, TP ICAP, Domino's Pizza, Savills, Quilter

Thursday

ASOS

Online clothing giant ASOS is due to report interim results and are expected to show a continuation of the impressive sales trajectory that has been in place through the pandemic. In the trading update covering the 4 months to December 31, ASOS reported a 24% surge in sales. With bricks & mortar shops still shut owing to the pandemic, strong sales growth is expected to have continued across the rest of the period. With lockdown restrictions set to ease further next week, investors will be keen to hear managements' expectations for the post covid environment and pick up in competition.

Dunelm

Homeware retailer Dunelm is due to update the market and the focus will be on the outlook in a post covid world. Back in February, the firm warned that sales were being affected by the lockdown restrictions. With these restrictions set to be relaxed next Monday, the outlook should be more upbeat. That said, digital sales have performed very well across the pandemic and no doubt Dunelm will be hoping to hold onto a large chunk of that business even when stores reopen.

Entain

Entain is due to update the market on Thursday a week after confirming the acquisition of Bet.pt and Enlabs AB have completed. This means that the sports betting and gaming group has entered 4 new regulated European markets, bringing its total of 27 countries. Investors will be keen to hear Entain's plans for existing operations particularly in light of the mixed restrictions across the markets within which it trades.

Friday

n/a

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