

The Week Ahead, 29th March 2021

US Non-farm Payroll, UK GDP, Next & Walgreens Boots

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

ECONOMIC DATA

Monday 29th March	N/A
Tuesday 30th March	German CPI US Consumer Confidence
Wednesday 31st March	China Mfg & Service Sector PMI EZ CPI UK Q4 GDP final US ADP Employment Report US Pending Home Sales US EIA Crude Oil Inventories

Thursday 1st April	<p>China Caixin manufacturing PMI</p> <p>US Initial Jobless Claims</p> <p>US ISM Manufacturing PMI</p>
Friday 2nd April	US Non-farm Payrolls
COMPANY ANNOUNCEMENTS	
Monday 29th March	N/A
Tuesday 30th March	<p>AG Barr</p> <p>Imperial Brands</p> <p>Pennon</p> <p>Royal Mail</p>
Wednesday 31st March	<p>Hennes & Mauritz</p> <p>Topps Tiles</p> <p>Walgreen Boots(US)</p>

Thursday 1st April	Next
Friday 2nd April	n/a

KEY THEME

Key themes:

Whilst this week is a holiday shortened week, it could still turn out to be a very busy 4 days in the markets. In the US, President Joe Biden is keeping investors on their toes as he continues to talk about a \$3 trillion infrastructure spending package and tax hikes.

The Suez Canal remains blocked as the container vessel is still wedged across the canal, holding up more than £30 billion in trade. If the container ship is freed soon, the impact will be minimal. However, the longer that it remains the more serious the implications.

Covid continues to move the markets in Europe as lockdown restrictions tighten on the continent and a third wave sweeps across the region. Vaccine headlines will be watched closely.

Oil went on a wild ride last week as investors fretted over the demand outlook amid rising covid cases versus the supply / transportation issues due to the Suez blockage. In addition to those headlines an OPEC meeting on Thursday mean another volatile week for oil.

THE WEEK AHEAD

Monday

n/a

Tuesday

Imperial Brand

The tobacco giant is due to release H1 numbers. When they last reported in the Autumn Imperial Brand hit its profits forecasts, which had been lowered. The 5-year strategy was unveiled by new boss Stefan Bomhard in January and investors will be keen for an update, particularly surrounding new generation

products and improving operations in its core markets. Full year guidance is expected to show low single digit growth in underlying & adjusted operating profits in addition to a continued reduction in net debt.

AG Barr

Irun-Bru maker AG Barr are due to release final results on Tuesday. Expectations are running high after the company upgraded profit expectations for the current year just a few months ago at the start of the year. FY revenue is estimated to be £227 million, 11% below the previous year. However, AG Barr also noted that the lockdown had impacted sales at the start of 2021 so investors will pay close attention to the outlook and how it sees its post covid recovery

Royal Mail

Royal Mail are due to release a pre-close trading statement. An update earlier this month revealed that the surge in parcel and letter volumes continued into the start of 2021. This combined with lower restructuring costs led to the firm upgrading its full year operating profit guidance. With this in mind, few surprises are expected from Tuesday's update. The focus is likely to be on cost savings and the outlook for trading. The stock is currently trading at a two and half year high.

Wednesday

Eurozone CPI

Eurozone inflation is expected to rise in March, with energy prices and food expected to be the biggest drivers of price growth. Industrial goods could also have their prices bumped up due to supply chain issues. Expectations are for CPI MoM to be 0.9%. On an annual basis inflation is expected at 1.1%. However, this mild uptick in inflation is unlikely to be anywhere near sufficient to unnerve the ECB as it remains well below the ECB's 2% target and is unlikely to get anywhere near it soon. Oil has played a significant factor in boosting inflation so far this year but appreciation in the Euro across those months is likely to cancel that out. Looking ahead as the region eases lockdown restrictions firms could look to recoup losses by raising prices, but currently this isn't an issue. Watch EUR.

UK Q4 GDP

The final revision to Q4 UK GDP is expected to confirm that the economy expanded by 1% in the final three months of 2020. This would mean that the UK avoided a double dip recession. Even so the UK will record an annual GDP contraction of -9.9%, its worst performance in 300 years. This data shouldn't bring with it much in the way of surprises. Attention is now firmly on the reopening of the economy making the Q4 reading feel somewhat stale. The BoE recently revised upwards growth forecasts upwards, and the optimism surrounding the UK economic recovery has been reflected in rising bond yields in recent weeks. The BoE biggest challenge appears to be tempering recovery optimism so as to not push yields too sharply higher.

Walgreens Boots Alliance

Expectations are running high that the US owner of Boots in the UK and Walgreens in the US will report some solid numbers on Wednesday. Q1 earnings were better than forecast with EPS at \$1.22 revenue

growing by 5.7% to \$36.31 billion. Whilst prescription sales boosted the Q1 numbers the vaccine rollout in the US is expected to lift Q2 numbers. Walgreens has been at the forefront of the US vaccine programme thanks to its size. This will mean greater footfall in the stores and accounts opened for all those who receive the vaccine. EPS is expected at \$1.12.

EX- Dividends

FTSE100: Smith & Nephew, Taylor Wimpey, Melrose, Phoenix Group.

FTSE250: Primary Health Properties, Hammerson, Convatec, RIT Capital, IMI, Murray International.

Thursday

Next

Next is due to release full year results. Expectations are for pre-tax profit to year end January to be £342 million around half of what they were the year before, which isn't that bad given the annus horribilis for retailers. Next's sophisticated online offering has helped it survive the year better than most. Next is almost certain to be on track to reach its 2021 sales target given that it gave such a broad guidance of anywhere between -3.5% fall to a 4% rise. Next suspended its dividend last year in order to preserve cash, investors will be keen to see whether Next is prepared to indicate when it may resume. With store re-openings approaching the forward looking statement will be in focus.

Friday

Non-farm payroll

Weakness in US labour market appeared to bottom out in December with a 227,000 decline in jobs. Since then, gains of 166,000 and 379,000 were recorded in January and February following the \$900 billion stimulus plan being passed at the start of the year. Consumer spending, which had slowed significantly at the end of last year received a boost. This all bodes well for the March jobs report, as does the approval of a \$1.9 trillion stimulus package just a few weeks earlier. Furthermore, the US vaccination programme is in full swing with covid cases falling steeply. Initial jobless claims have also dropped to the lowest level since the start of the pandemic. Watch US Dollar, US indices.

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. 76% 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.