

## The Week Ahead, 15th March 2021

### March BoE, Fed, Greggs, Ocado & Nike

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

#### ECONOMIC DATA

|                      |   |
|----------------------|---|
|                      |   |
| Monday 15th March    | China Retail Sales  |
| Tuesday 16th March   | German ZEW Sentiment Index<br><b>US Retail Sales</b>                            |
| Wednesday 17th March | Eurozone CPI<br>US EIA Crude Oil Inventories<br><b>FOMC Rate Decision</b>       |
| Thursday 18th March  | Australia Unemployment<br><b>BoE Rate Decision</b><br>US Initial Jobless Claims |

|  |  |
|--|--|
| Friday 19th March  | <b>BoJ Rate Decision</b>   |
| <b>COMPANY ANNOUNCEMENTS</b>   |  |
| Monday 15th March  | <b>SThree</b>  |
| Tuesday 16th March   | <b>Antofagasta</b><br><b>Greggs</b><br>Compucenter                           |
| Wednesday 17th March   | <b>Ferrexpo</b>  |
| Thursday 18th March  | <b>Fevertree</b><br><b>Ocado</b><br>National Express<br><b>Nike</b><br>FedEx |
| Friday 19th March  | <b>JD Wetherspoon</b>  |
| <b>KEY THEME</b>   |  |
| Key themes: US stimulus Approved, Bond yields and Central banks galore |  |

The largest ever US fiscal stimulus package was signed off by President Biden last week. Investors will be considering what the implications of this might be. Bond yields picked up at the end of the last week and are expected to be under the spotlight again this week expectation of a faster economic recovery grow.

There are monetary policy announcements from 3 central banks this week. With the Fed particularly, investors will be looking for clues as to when policy may start to tighten.

## THE WEEK AHEAD

### Monday

N/A

### Tuesday

#### Greggs

Greggs has already warned that it expects a loss in the region of £15 million compared to a profit of £108 million the year earlier. Full year sales are due in at £811 million down from £1.17 billion in 2019 so no surprises there. Instead, the focus will be on the current state of trading. Greggs has made changes to its business in order to survive as best as possible through the pandemic, such as click & collect and teaming up with Deliveroo. Even so management have said that they don't expect profits to return until 2022 at the earliest. Still investors remain upbeat regarding the prospects of the store with 100 new shops opening this year. The share price has rallied 75% from the pandemic lows and are now within a whisker of pre-pandemic levels.

#### Antofagasta

Full year results from Chilean copper giant come after a good a solid 12 months for the firm. The share price has surged 120% over the same period as the price of copper has rallied 60%. The rise of the Electric Vehicle has boosted demand expectations, as has economic recovery expectations. Output profit and dividends are expected to be the key focus particularly in light of the sharp cut to the interim dividend last year.

#### US retail sales

US consumer spending across the pandemic has been underpinned by the US government and stimulus checks. Most recently economic data has picked up notably since the start of the year thanks to the \$900 billion stimulus plan agreed at the end of last year. As a result, retail sales rebounded firmly at the start of the week +5.3% MoM to a 7 year high. Investors will be watching closely to see whether this momentum can be sustained. With the US labour market picking up and consumer sentiment on the rise, there could be reason to believe that the momentum could continue. That said the cold snap could have kept many indoors. Expectations are for 0% although this will likely pick up again in the coming months as the new stimulus checks hit households. Watch USD.

### Wednesday

## **Federal Reserve FOMC**

Federal Reserve Chair Jerome Powell has indicated that the Fed will remain accommodative. However, with states reopening and fiscal stimulus adding momentum to the recover the markets are becoming increasingly convinced that the economy could be on track to overheat. Fed Powell remains firm that the US economy is still some distance from meeting the Fed's goals, as such no change to policy is expected. Instead, attention will be firmly on updated economic and interest rate forecasts and President Powell's spin on the matter at the accompanying press conference. Expectations are for GDP to be revised higher and unemployment to be rised slightly lower given recent strong data. Official inflation expectations remain relaxed with the Fed signaling a long hold on rates.

## **EX- Dividends**

**FTSE100: Segro, Anglo American, Hikma, CRH, M&G**

**FTSE250: Dunelm Group, BlackRock World Mining Tst, Tritax Big Box REIT, Spirent Communications**

## **Thursday**

### **Fevertree**

2020 trading has been described as resilient. Total revenue fell 3% compared to 2019 to £252.1 million, as a 22% decline in UK revenue was offset by strong growth in the US and the rest of the world. However, with ongoing lockdown restrictions in the UK trading in the early part of this year is likely to be weak. Bar's and restaurants are typically Fevertree's largest revenue contributor and sales here declines 60%, meanwhile shop & e-commerce sales rose 20%. This shift in channel revenue has hit margins for dropped 35% in H1 on an 11% decline in sales. Investors will be hoping that this reverses when reopening picks up.

### **Ocado**

Ocado experienced impressive sales growth through 2020, a clear beneficiary of the pandemic and lockdown restrictions. Given that the UK remains in lockdown sales are likely to have remained elevated. Spending at Ocado has been notably high with capital expenditure forecast to reach \$700m. This is mainly down to developing robotic fulfilment centres for third party customers. This is an expensive side to the business and one that will take time to show whether the high initial outlay has been profitable. With the end of lockdown in sight and e-commerce growth likely to slow investors will be keen to hear about the future of the fulfillment business.

### **BoE Monetary policy announcement**

At the last Bank of England monetary policy announcement there was a slight shift in tone from the central bank. Despite the UK being locked down in its third national lockdown the central bank appeared

to step away from the immediate implementation of negative interest rates. However, the BoE said that they remain a tool in the toolbox. With the vaccine rollout now even further advanced and restrictions being lifted the chances of negative rates being implemented have been reduced further. The BoE have indicated that Q1 GDP is expected to contract 4%. Some policy makers believe the UK could see a strong recovery from pent up consumer demand. No change in monetary policy is expected. Watch GBP

### **Nike**

Nike is due to report Q3 results. Nike has seen its share price hit a record high despite the pandemic. In Q4 last year, owing to the first lockdown in China, Europe and the US Nike reported a \$790 million loss or 50c per share on revenue of \$6.31 billion, a 38% drop. However, a surge in digital sales has helped revenue rise and Nike push back into profit. With the Chinese economy in full on recovery mode, the Chinese business is expected to have performed particularly well. Expectations are for EPS \$0.75.

### **Friday**

#### **JD Wetherspoons**

CEO Tim Martin is not one to shy away from voicing his opinion. Since we last heard from JD Wetherspoons, the Chancellor Rishi Sunak delivered his budget. This will no doubt give Tim Martin plenty to rant about now that Brexit is in the rear-view mirror. The company raised £94 million in January through an equity placing, on top of the £139.1 million in liquidity which also became available mid-January has calmed liquidity fears and helped the shares higher to 1337p. The share price has been on the rise thanks as well to reopening optimism. However, with covid restrictions in place monthly cash burn will be the key focus. 99% of staff are furloughed.