

The Week Ahead, 3rd May 2021

BoE. NFP, Next, IAG, ITV

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

ECONOMIC DATA

Monday 3rd May	US ISM Manufacturing PMI
Tuesday 4th May	China Caixin Mfg PMI RBA Interest Rate Decision UK Mfg PMI US Trade Balance
Wednesday 5th May	Global Services PMIs US ADP Employment US SM Non-Mfg US Crude Oil Inventories
Thursday 6th May	China Caixin Services PMI BoE Rate Decision US Initial Jobless Claims

Friday 7th May	China Trade Balance Canada Employment US Non-Farm Payroll
COMPANY ANNOUNCEMENTS	
Monday 3rd May	N/A
Tuesday 4th May	Pfizer
Wednesday 5th May	Boohoo ITV Direct Line Barrick Uber
Thursday 6th May	Anheuser-Busch Inbev Barratt Developments Next Trainline Moderna (US) Peloton (US)

Friday 7th May	International Airlines Group InterContinental Hotels
KEY THEME	
<p>Key themes:</p> <p>After a busy previous week with tech earnings and FOMC and a slow start to the week given bank holidays in UK, China and Japan, the covid recovery is likely to be in focus at the start of the week shifting to the BoE and US Non-farm payroll towards the end of the week.</p> <p>Elections in Scotland on Thursday could see the Scottish Independence topic return firmly to the table potentially unnerving the Pound.</p>	
THE WEEK AHEAD	
Monday	
N/A	
Tuesday	
N/A	
Wednesday	
<p>Boohoo</p> <p>Online fashion chain Boohoo is due to release full year earnings on Wednesday after a spectacular year in which the pandemic forced shops to close their doors and shoppers to go online. Even so it hasn't been all positives across the year after the firm had a supply chain scandal. However, customers don't appear to have been put off as the firm puts processes and governance in place to ensure it doesn't happen again. Investors will be keen to see what the latest UK lockdown did for sales. Also with the reading of lockdown restrictions guidance will be key, as will any news on the integration of Debenhams into its offering.</p> <p>ITV</p> <p>ITV is due to update the market this week. It would be simple to assume that the broadcaster performed well across the pandemic. However, even with its audience stuck in the house, you need to have a good programmes choice for them to watch, especially if competing with a Line of Duty. ITV Studios was closed</p>	

at the start of the pandemic and advertising revenue started to slide. However, the picture started to improve in Q4. The focus will be on advertising growth as lockdown restrictions ease. Although management remains cautious over Q1 advertising revenue a refused to offer guidance

Uber

Uber has traded sideways over the last three months since its last earnings release. Turning profitable still appears to be a distant goal for the firm which reported losses of \$6.77 billion for the year. This is up from \$8.51 billion losses the previous year. Given that lockdown hit demand hard the 20% improvement in losses could be considered a small victory. Uber Eats has a lot to do with recent resilience. Furthermore, expectations are that the Uber is set to benefit from easing lockdown restrictions. March data revealed bookings hitting the best level in a year. However, it is also worth keeping in mind that the recent UK Supreme Court decision which means Uber must classify all of its drivers as workers could push costs higher. Losses are expected at \$0.56 per share.

EX- Dividends

FTSE100: Reckitt Benckiser, Croda, Polymetal International, BP, Admiral

FTSE250: Hochschild Mining, GCP Infrastructure, Hipgnosis Songs Fund

Thursday

Next

Next's sophisticated online offering has helped the retailer beat expectations time and time again across the pandemic. Its share price, as a result has been one of the retail outperformers across the past year. At the end of 2020 the share price had risen to pre-pandemic levels and in April the share price hit an all-time high. Thanks to Next's online success the firm recently raised its full year 2022 pre-tax profit guidance of £700 million. Investors will be watching closely to see whether it can continue beating forecasts as its bricks and mortar stores throw open their doors. Q1 expectations are high with Next saying it expects to see 18% increase in total sales over the coming 12 months. A strong Q1 number could see that upwardly revised.

Bank of England

Just a few months ago at the start of the year, the Bank of England was considering negative interest rates. Roll forward 4 months and three central bank meetings later and there appears little need for negative rates. Indeed, March's meeting saw some MOC policymakers become more upbeat about the UK's economic outlook. No changes to monetary policy are expected thanks to the rapid vaccine rollout and easing of lockdown restrictions. Some believe that the central bank could start to edge towards reducing the amount of stimulus in the economy. Any sense that the BoE is heading in a slightly more hawkish direction could boost the Pound. Watch GBP.

Friday

IAG

British Airways owner IAG is looking towards a summer pick up to save its skin. The European Commission has said that it would accept travellers who have received a European Medicines Agency approved vaccine. This was an announcement which lifted sentiment towards the airlines. However, it has come too late to impact Q1 numbers. In February IAG posted losses closing in on €8 billion for 2020 due to the travel restrictions across the pandemic which cut revenues by 75%. IAG said that it hoped to be running at 20% of 2019 passenger capacity in Q1 but even that looks optimistic.

InterContinental Hotels

Holiday Inn owner is due to release Q1 numbers on Friday. Thanks to its franchise structure, IHG has been one of the few in the sector to achieve underlying profits across the pandemic. Given the ongoing international travel restrictions little is expected to have changed. That said domestic demand could have picked up, particularly in the US as well as in China. Any news on expansion plans will be watched for, in addition to hopes surrounding a bounce back as more lockdown restrictions begin to ease and international travel returns.

Non-farm payroll

The rebound in the US jobs market so far this year has been impressive. 916,000 jobs were created in March, up from 468,000 in February and 166,000 in January. These jobs have come as fiscal support has also ramped up from \$900 billion in January to \$1.9 trillion in March. This, combined with the swift vaccination programme and easing of lockdown restrictions is helping to underpin the jobs market. Expectations are for the unemployment rate to continue falling to 5.8%, down from 6%. With the participation rate also recovering, the US labour market recovery appears to be on the right track. The ADP payroll numbers released on Wednesday is often considered a strong lead indicator for the Non-farm payrolls. Watch USD, US indices.

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