ATLANTIC CAPITAL MARKETS

The Week Ahead, 10th May 2021
UK GDP, US CPI, Morrisons, BT & Disney

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

ECONOMIC DATA

Monday 10th May	Australia Retail Sales
Tuesday 11th May	China Caixin Mfg PMI German ZEW Index
Wednesday 12th May	Australia Consumer Confidence German CPI **UK GDP Q1** UK Manufacturing production **US CPI** US EIA Crude Oil Inventories
Thursday 13th May	US Initial Jobless Claims
	US Retail Sales

Friday 14th May	US Michigan Consumer Sentiment

COMPANY ANNOUNCEMENTS	
Monday 10th May	Provident Financial Hertz
Tuesday 11th May	**Morrisons**
Wednesday 12th May	**TUI** Compass JD Wetherspoon National Express Bumble (US)
Thursday 13th May	**BT** **Burberry** Greggs Rolls Royce **Walt Disney (US)** Airbnb (US) Doordash (US)
Friday 14th May	Sage

KEY THEME

Key themes:

The second week of the month is typically quieter in terms of economic data and this week follows that trend. UK GDP & US CPI will be the central focus on the economic calendar. The re-opening of economies and the pace of the vaccine rollout is also likely to dominate the news flow.

Earnings season is starting to slow. The US companies that recently went public will be reporting such as Airbnb, Dashdoor and Bumble.

THE WEEK AHEAD

Monday

N/A

Tuesday

Morrisons

Morrisons has the smallest market share of the big 4 supermarkets and constantly has budget supermarkets Aldi & Lidl snapping at its heels. Recent industry data indicates that Morrisons could have had a good start to this year with sales in the 12 weeks to April rising 7.2% YoY. With this in mind Tuesday's numbers could be upbeat. Expectati9ons are for like for like sales growth in the region of 1.6% in Q1. Whilst Morrisons was late to arrive to the online party, it has since hooked up with both Amazon and Ocado which will have helped through the lockdown months at the start of the year.

Wednesday

TUI

Covid has ravaged the tourist industry, hitting TUI the largest travel and tour operator in addition to its sector peer. Half year results are likely to make for grim reading. Whilst TUI made steep cuts in order to survive the pandemic, it still reported €699 million loss in its first quarter whilst revenues plunged 90% as resorts remained shut and travel restrictions in place. Investors will be keen to see if there are any signs of light at the end of the tunnel as travel restrictions are expected to be eased for the key summer period. Booking numbers and reservations will provide key information about how the summer period could shape up.

UK GDP

The UK GDP will give investors a first glimpse of how the UK economy performed through the first three months of the year. The UK was under lockdown restrictions for the quarter. January saw a better than expected -2.2% contraction owing to the restrictions. This has since been upwardly revised twice. The Bank of England had forecast a 4% contraction across the quarter. However, February saw a better than forecast +0.4% expansion lifting the prospect of a stronger month in March as businesses prepared to for the economy reopening in the second quarter. In the final quarter if last year the economy expanded 1.3%. Whilst Q1 GDP 2021 is expected to show -1.7% contraction, the March GDP is forecast to expand by 1.3%. Watch GBP, FTSE.

US Consumer price index (CPI)

Recent increases in consumer prices has raised concerns that the Federal Reserve could look to start tightening monetary policy sooner than initially expected. The Fed has continually reassured that that they will remain supportive, and any near term rise in inflation is temporary. It would appear that the market is taking the Fed at its word with treasury yields coming off its March peak of 1.77% to sub 1.6% after Friday's weak non-farm payroll numbers. CPI has risen from 1.4% to 2.6% from January to March. Expectations are or April's reading to show that CPI continued to rise sharply to 3.6%. Whilst the Fed insist that this is a transitory impact caused by the lockdown and reopening. However rising commodity price raise questions or how transitory inflation is.

EX- Dividends

FTSE100: Avast, Shell A & B

FTSE250: Serco, Spectris, Inchape, Gamesys, Clarkson, IP Group, renewables Infrastructure

Thursday

BT

BT is due to report both Q4 and full year results as speculation over the future of its Sports division mounts. Expectations are for revenue of £5.29 billion, a 6.1% decline year on year, whilst underlying earnings are forecast at £1.83 billion. Meanwhile revenue is expected to be down 6.4% to £21.37 billion at full year and EPS 18.7p. BT confirmed chatter that it was in talks regarding the future of its Sports division but little else is known. Investors will be watching to see if any more light can be shed on this.

Burberry

After upgrading its full year guidance in March, Burberry is due to release the numbers on Thursday. Expectations are for like for like sales to have risen 28%-32% compared to the same period last year. Meanwhile full year group revenue is expected to drop around 10%-11%. Store closures due to lockdown meant that 15% of stores still had their doors shut in January. A further 36% were operating under reduced hours local covid restrictions. Growing tensions in China, a key market, over allegations over humas rights abuses in Xinjiang. The cotton from this region is no longer an approved source for Burberry and many other companies, which is creating a backlash in China.

Disney

Lockdown and the closure of the Disney theme parks meant that Disney saw a huge revenue stream evaporate, resulting in a $2.6 billion hit from that business arm alone. The Studios business has also taken a hit on the back of the pandemic and covid restrictions. However, the Disney plus streaming business is going from strength to strength. Disney Plus reported an unexpected profit in Q1 to the tune of $17 million. Subscriber numbers will be in focus, particularly after Netflix disappointment. However, Disney plus is expected to see subscriber numbers rise to over 100 million. News on the reopening of its theme parks, which kicked off last month will be in focus.

Friday

US Retail Sales

Whilst sales were weak at the end of last year, thanks to significant fiscal stimulus, an improving jobs market and the reopening of the economy. March saw a 9.7% rise in retail sales following a $1.9 trillion stimulus payment signoff. This was the best performance since last April after the easing of the first lockdown. This April's reading is expected to ease significantly to 1.1%. This is still a solid read and in line with the performance of the US economy. An upside surprise isn't out of the question given that some stimulus checks won't have been spent in March. Watch US Dollar.