

The Week Ahead, 1st March 2021

UK Budget, Non-farm payrolls, Zoom & Taylor Wimpey

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

ECONOMIC DATA

Monday 1st March	China Caixin PMI German CPI US ISM Mfg PMI
Tuesday 2nd March	RBA Interest Rate Decision German Unemployment Eurozone CPI Canada GDP Q4
Wednesday 3rd March	Australia GDP Q4 China Caixin services PMI

	UK Budget US ADP Employment Report US Non-Mfg PMI US EIA Crude Oil Inventories
Thursday 4th March	US Initial Jobless Claims OPEC meets
Friday 5th March	US Non-farm Payrolls
COMPANY ANNOUNCEMENTS	
Monday 1st March	Agrekko Bunzl Zoom (US)
Tuesday 2nd March	Taylor Wimpey Fresnillo Ashtead Flutter Entertainment Hewlett Packard (US) Target (US)
Wednesday 3rd March	Prudential

	Page Group Persimmon DS Smith Snowflake
Thursday 4th March	Aviva Schroders Meggit William Hill Kier Gap Costco(US)
Friday 5th March	LSE Pearson
KEY THEME	
<p>Key themes: US bond yields, UK Budget</p> <p>Inflation expectations surged in the previous week with 10 year yields hitting a pre-pandemic high of 1.6%, despite Fed Chair Powell not one, but twice reiterating that the Fed won't take its foot off the easing pedal. Stocks tumbles and the USD surged. Traders will be watching the bond markets closely to see whether there is follow through selling.</p> <p>The main focus this side of the pond this week will be on the UK budget which is expected to help determine the speed of the economic recovery.</p>	
THE WEEK AHEAD	
Monday	

Zoom

One of the main beneficiaries from the pandemic was undoubtedly Zoom. It's share price surged across the year from an IPO price of \$36 and valuation of \$9 billion to its current price of \$370 and a valuation of \$120 billion. Revenues has surged with Q3 seeing a 367% jump in revenue to \$777.2 million, well ahead of the \$694 million expected. Revenues were just \$328 million back in Q1 2020 pre-pandemic. The share price has been on the decline since late October's all time high of \$588 as the prospect of a successful vaccine rollout and economies reopening have raised fears that growth will slow. Expectations are for EPS \$0.78c.

Tuesday

Taylor Wimpey

After reporting Q4 numbers in January, Taylor Wimpey is due to report full year results on Tuesday. Q4 numbers were disappointing with total completions down -39% to 9606 mainly due to the first lockdown. Although the selling price increased by 6% to £323,000 and the total order book rose by over £500 million. The outlook will be particularly in focus after bullish guidance in January when TW said it expected margins to rise 1% to 22%. Dividends are expected to restart this year. Underlying earnings are expected to be £293 million on revenues of £2.8 billion and 3.8p final dividend for 2020.

Flutter

Betting boomed through the pandemic as a result Betfair owner Flutter upwardly revised its profit forecasts for the full year after the resumption of sports and the reopening of betting shops (at least for a while boosted the business. The online arm has performed well, and investors will be hoping that helped to offset the effects of lockdown closure of the betting shops. Margins will also be under the spotlight with investors keen to see if promotions have cut into profits. Any updates on stricter UK regulation and performance in the US will also be closely watched particularly as more US states are expected to legalise sports betting which could mean the opening up of a very lucrative market.

Wednesday

DS Smith

Both revenue & profits have taken a hit in the pandemic owing to exposure to the industrial and hospitality sectors. Pre-tax profits tumbled 55% to £97 million in H1 as prices came under pressure. Whilst things started to improve in Q2 but since then the resurgence of covid is expected to see price pressure increase one again. As a result, any comments on the outlook will be closely eyed. The vaccine rollout particularly in northern Europe which is where DS Smith brings in almost 40% of its revenue from could mean a more positive outlook.

UK Budget

All eyes will be on UK Chancellor Rishi Sunak when he delivers his Spring Budget on Wednesday. Investors will be watching how much Rishi Sunak will be throwing at public finances in order to support desperate businesses through the pandemic. However, on the other side of the coin, there is a growing

realization that this money will need to be paid back. UK government borrowing surged to £271 billion so far, this fiscal year with an annual increase of around £350 billion. Expectations are that Rishi Sunak will remain supportive with a possible extension to the furlough scheme to keep the very fragile labour market underpinned and stamp duty. Meanwhile, rumors are swirling of higher corporation tax or at least a timetable as to when it could rise from its 19%. Watch GBP, FTSE 100 & FTSE250.

EX- Dividends

FTSE100: BHP, Rio Tinto, Standard Chartered, Berkeley Group, St Jame's Place.

FTSE250: Safestore, Renshaw, Ashmore, Dechra Pharmaceuticals, Genus

Thursday

Aviva

Back in August, the new CEO Amanda Blanc indicated that Aviva's main focus going forwards would be on its core markets -UK, Ireland and Canada. Following the portfolio review Aviva sold its French and Turkish arm in recent weeks after disposing of its Italian, Singaporean, Indonesian and Hog Kong arms last year. The latest figures in November suggested that the change in strategy was starting to reap rewards with net inflows from UK and North American totaling £1.2 billion. The dividend will be in focus after a 7p interim dividend was announced in November. Expectations are for 14p per share.

Friday

Pearson

Pearson releases final numbers on Friday following an upbeat trading update in January. Pearson reported a return to sales growth in Q4 as strong demand for online learning offset weakness in the US course material business. Operating profit for 2020 is expected to be in the range £310 million - £315 million, well down from £581 million in 2019, with sales down 10% compared to the previous year. Whilst the ongoing lockdown conditions have supported the online learning side of the business investors will be keen to hear the strategy outlook as vaccine rollouts pick up and the end of lockdown comes into sight.

US non-farm payroll

The US Labour Department's February jobs report will be released on Friday and will provide fresh clues over the health of the US jobs market. After 7 straight months of Jobs gains, December and January headline numbers have both disappointed. Expectations are for 150,000 jobs to have been added in February. This would mark a significant increase from January's 49,000. The unemployment rate has fallen steeply from the April peak of 14.7% to 6.3% in December. In January, the unemployment rate

ticked up to 6.4% which could be as a result of rising labour force participation, as unemployed Americans start to feel a little more optimistic about the outlook and resume their job search. With the US vaccination programme picking up, a slowdown in new covid cases hopes are growing that December was a low point and February will build on January's gains. However, the US economy is still some 9.9 million payrolls short of its pre-pandemic levels. Watch USD, US indices.