



## MARKET REPORT

### Friday 26th February 2021

#### Market Headlines

US initial jobless claims for the week to 20 February were 730,000, beating the 838,000 expected, after the revised 841,000 filings the previous week.

Japanese industrial production rose 4.2% in January month-on-month, the first increase for three months, a tad ahead of the 4.0% forecast, following a 1.0% decline in December.

The Society of Motor Manufacturers and Traders announced UK car production fell 27% in January year-on-year, the seventeenth consecutive month of reduced output, hampered by the pandemic, supply chain problems and post-Brexit issues.

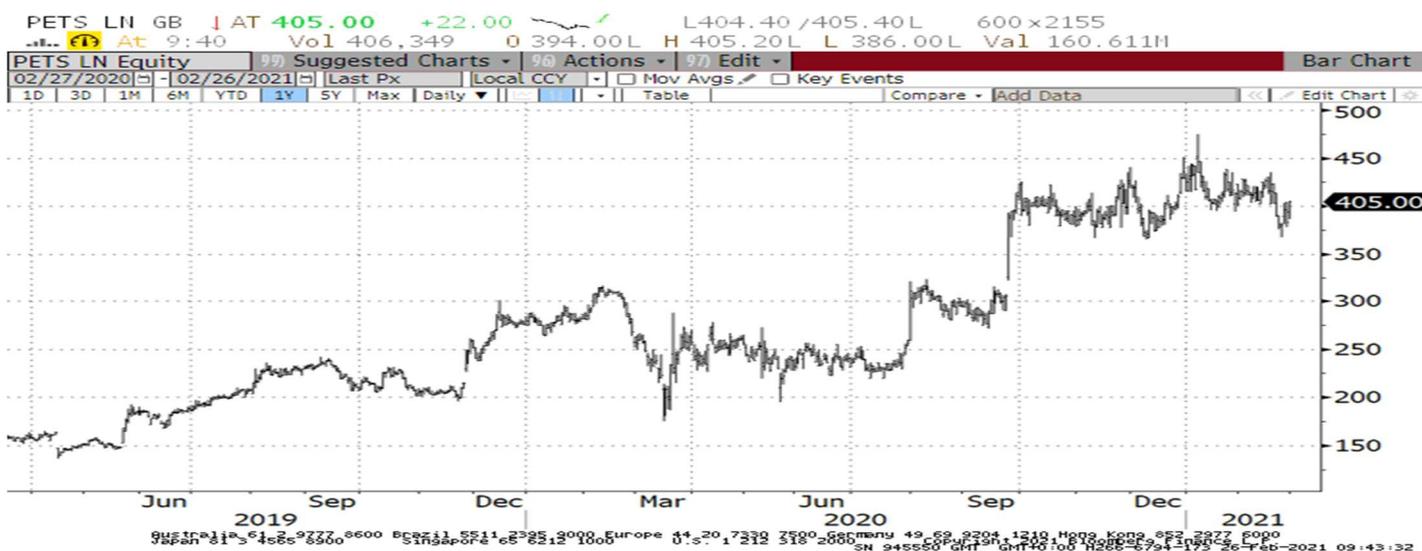
As inflation concerns weighed, the S&P 500 fell 2.5%, the Nikkei 225 dropped 4.0%, the Hang Seng lost 3.5% and the Shanghai Composite closed down 2.1%. European markets were lower.

#### Investments on our buy list

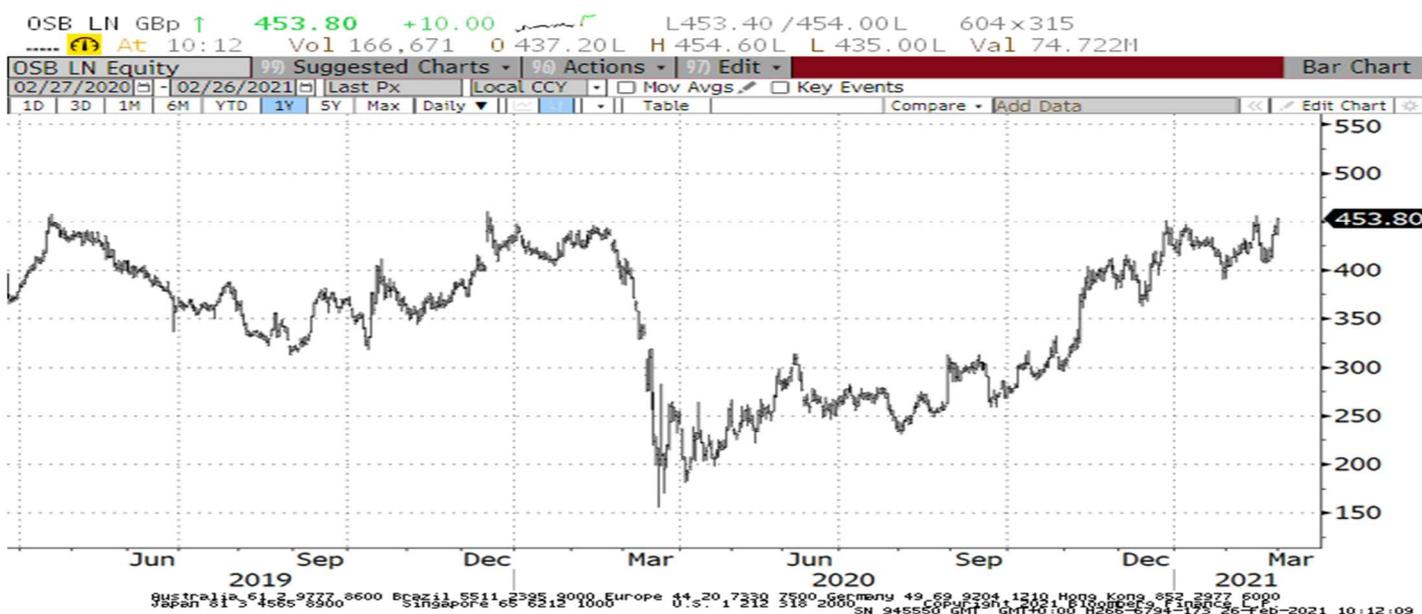
**Pets at Home (PETS)** – today upgraded its annual profit guidance amid strong trading. The FTSE 250-listed pet care company now anticipates full-year underlying pre-tax profit, including the previously announced repayment of business rates relief of £28.9m, to be £85m, which is ahead of its previous guidance of at least £77m.

The company is classed as an “essential” retailer so has been able to keep branches open during recent lockdowns. It has witnessed a leap in pet ownership during the pandemic and this surge in demand from a new wave of animal owners has driven better than expected growth across all sales channels and categories.

PETS shares already trade on an aggressive rating for a retailer and we have been looking more towards taking some profits over 400p. Today’s news may give the stock another boost towards 450p providing another opportunity to reduce holdings.



**OneSavings Bank (OSB)** – once again the share price is testing the important 450p level. On a relative basis it is already breaking upwards. Full year results are due on 20<sup>th</sup> March and market expectations are for adjusted EPS to be 10% lower than 2019. With the shares trading on only 8.8x those expected earnings any beating of expectations could lead to a strong upward re-rating.



Source: Bloomberg

### Chart of the day

Tech stocks have led the global correction in equity markets this week. This is perhaps no surprise as it has been this sector that has driven gains in the U.S., Asia, and to a lesser extent Europe, over recent years. It is only during the recovery in markets since the sell-off last year, that some of the larger tech stocks have not been market leaders. This was a warning sign that valuations had become genuinely stretched, and a troughing of bond yields was instigating a cyclical change in market leadership. Is the party over? Many argue that the fundamentals remain very supportive, and any correction will only be an opportunity to buy. This is a dangerous mindset. The old adage that "nothing moves in a straight line" still holds, and it applies to long-term trends as much as short. Corrections to long-term trends can last for two or three years.



Source: Bloomberg

## Recap of yesterday

Associated British Foods dipped 0.7% as it said first half sales for the 24 weeks to 27 February would be lower year-on-year due to the £1.1bn of lost Primark sales due to lockdown. Revenues for grocery, sugar, ingredients and agriculture were all above forecasts.

Aston Martin Lagonda added 6.8% as it said the full year pre-tax loss widened to £466m from £119.6m a year earlier, as it hailed the successful launch of the DBX with its outlook for 2021 unchanged. It launched an offer for £70m senior secured notes due 2025.

Hikma Pharmaceuticals dropped 3.2% as it announced a 14% rise in pre-tax profit to £558m on revenues 6% higher with the dividend hiked 14%. It expected further growth across generics, branded and injectables.

Morgan Sindall jumped 12.6% as it announced full year pre-tax profit fell 31% to £60.8m, year on-year on revenues 1% lower, the dividend was hiked to 61p from 21p a year earlier. With a secured workload of over \$8bn, it said it was on track to deliver results materially above expectations.

## Online portal

We would like to remind you that you can now more easily keep up to date with the value of your account using our client portal. Please go to the Client Login section of our website to register now <https://blankstonesington.co.uk/>.

Telephone: **0151 236 8200** | Fax: **0151 243 3535**

Email: [enquiries@blankstonesington.co.uk](mailto:enquiries@blankstonesington.co.uk) | [www.blankstonesington.co.uk](http://www.blankstonesington.co.uk)

---

### **Important information**

Articles, news and research published by Blankstone Sington are provided solely to enable you to make your own investment decisions. They are not personal investment advice and may not be suitable for all investors. If you are unsure about whether an investment is suitable for your circumstances, you should seek advice. The value of investments will rise and fall, and you may get back less than your initial investment. Past performance is not an indication of future performance.

This report is a marketing communication. Any information presented herein which may be construed as 'investment research' has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is therefore 'non-independent research'. Non-independent research is not subject to FCA rules prohibiting dealing by members of staff ahead of its dissemination.

Member of The London Stock Exchange. Authorised and Regulated by The Financial Conduct Authority No. 143694. Registered in England No. 2378144