



## MARKET REPORT

Friday 7<sup>th</sup> May 2021

### Market Headlines

The Bank of England held rates and asset purchases steady as predicted, upgrading expected UK growth to 7.25% for 2021 (up from 5.0% in February), whilst it pared back 2022 expansion forecasts from 7.25% to 5.75%.

Chinese exports surged 32.3% in April year-on-year well ahead of the 24.1% forecast, spurred by pent up demand, especially from the US.

Commodity prices continued to be boosted by the reopening trade, with aluminium near 3 year highs, copper at a 10 year peak and iron ore prices hitting a new record.

The S&P 500 added 0.8%, the Nikkei 225 inched up 0.1%, the Hang Seng dipped 0.3% whilst the Shanghai Composite closed down 0.7%. European markets were higher.

### Investments on our buy list

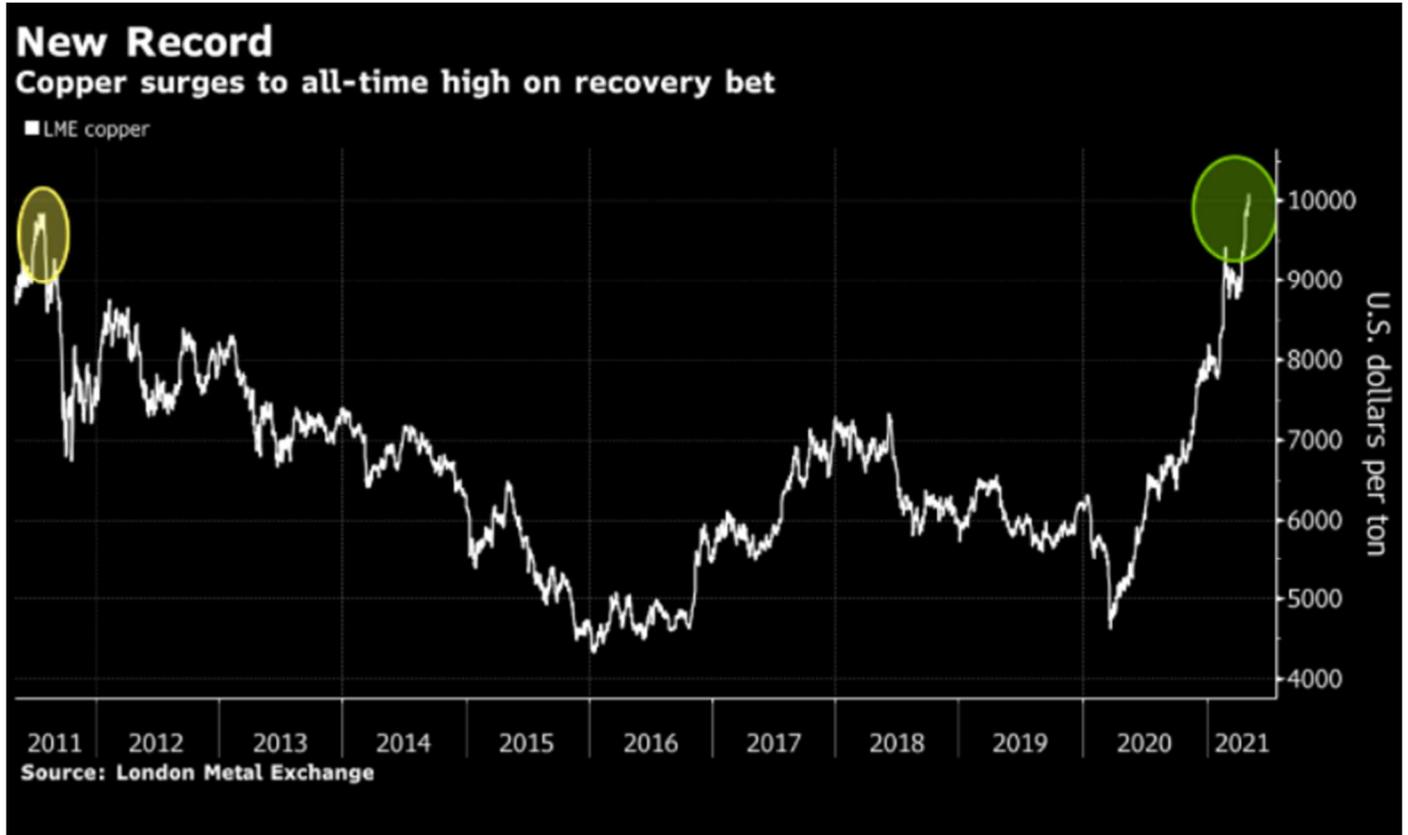
**Civitas Social Housing PLC (CSH)** – those holding the shares of CSH over the last 4/5 years would be forgiven for thinking they were invested in a volatile business. Rulings by the Regulator on Housing Associations which have affected a small number of the company’s tenants, have caused wild swings in sentiment towards the shares, whilst their actual financial impact on the business has been minimal. Similarly, the pandemic caused a 25% fall in the share price on fears over rent collection, default rates and occupancy levels. The financial impact of these issues was again minimal (<1% of rent roll). Ultimately the rent is paid for by the government and it is widely acknowledged that high acuity care is more successfully delivered this way, both from the customers point of view and from a cost point of view. The recovery from last year’s sell-off is now complete and the share price is on the cusp of breaking above the highs of the last three years around 115p. We expect further gains.



## Chart of the day

Copper soared to an all-time record on expectations that rebounding economies will spur a boom in global demand, and the Bloomberg Commodity Spot Index (22 hard and soft commodity prices) jumped to its highest level since 2011.

Copper is traditionally regarded as the most economically sensitive metal, given its widespread use in industry and construction, and its importance in the growing renewable energy/electric vehicle space. Rising prices for the metal tend to benefit producing countries (often emerging economies) and mining companies.



Source: Bloomberg

## Recap of yesterday

John Laing surged 19.6% as it confirmed it was in talks with KKR & Co regarding a possible takeover.

Morgan Advanced Materials jumped 14.2% as it increased full year organic sales guidance to 5-8%, after a strong start to the year, with sales in the first four months up 2.5% year-on-year.

Next added 1.8% as it upgraded full year pre-tax profit guidance by £20m to £720m, due to the sales beat in the first quarter with online sales up 65% from 2019 and retail sales down 76%. It expected the post lockdown surge to be short lived.

Trainline fell 6.9% as the full year 2021 pre-tax loss widened to £106.8m from £80.2m a year earlier with revenues 74% lower due to the pandemic. It had seen the first signs of recovery with rising ticket sales following the lifting of lockdown restrictions.

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