

Extract from our Bulletin 14.05.21

Well to say its been a funny old week in the investment world would be an understatement. The start of the week saw the markets at a high but since then fear of inflation (something about which I seem to be covering every week) has given them the jitters even though the data behind it was expected. As one of the expert investment managers said to me this week, “pull-backs like this are to be expected, with several of 5% and one of 10% usually occurring each year. It is just part of the market breathing which it needs to do from time to time”. So hopefully we can all stop holding our breath and relax a little and you enjoy this week’s bulletin!

The first paper that I have for you comes from Rathbones’ chief investment officer Julian Chillingworth in his [Review of the week](#), (click on this heading) which takes a look at what was happening last week. In it he discusses how the UK is booming. Or at least, everybody seems to think it will soon. And, sentiment is a heavy influence on economic outcomes. UK consumer confidence is approaching its pre-pandemic level, retail sales are overshooting expectations and business confidence is flying. News like this has led investors to aggressively buy those companies that stand to gain the most from reopening: retailers, leisure and industrials. However, balance is needed for long-term portfolios. There are limits to the powers of positive thinking. Brexit effects will continue to weigh on the UK in coming years and the furlough scheme is still supporting 4.2 million people who would otherwise be unemployed. One thing to keep in mind is an old chestnut: economic performance doesn’t necessarily equate to market performance. It’s possible that the economy could go from strength to strength while markets fall in value or remain at roughly the same level. But it’s just as possible that markets will march ever higher as post-pandemic optimism spreads.

This week’s ‘Markets in a Minute’ review and video (link below) has Guy Foster, Chief Strategist also looking back on last week and highlighting the supply issue problems, and the impact upon bond yields, whilst Janet Mui, Investment Director looks at the impact of the job numbers from the US.

<https://vimeo.com/547844611>

As the Pound seems to be strengthening against the Dollar and the Euro I thought it might be useful to take a look at the current exchange rates so thanks again to Cornhill for their Morning Report this week with current rates and some very interesting commentary. Watch this space!

Are you a user of the recommended fund list from many of the self-managed investment platforms? They have become a popular way for many people to manage their own investments. Yodelar, the independent investment research company has prepared a very interesting review of the performance of the funds on the lists produced by Hargreaves Lansdown, Fidelity, Interactive Investor and Bestinvest. If you do use any of these lists, and having read the review would like to discuss an alternative approach to your investments, please do give us a call!

I saw another very telling article on the FT Adviser website by Amy Austin this week decrying the number of pensioners who are not receiving a state pension. She quotes Sir Steve Webb, Partner at LCP in some research that they have undertaken. We would hope that he ought to know what he is talking about - you might well remember he was Minister of State for Pensions between 2010 and 2010.

I know you wait almost as eagerly for the Tatton news update to come through as Jane and I do each week. This time Lothar Mentel and his team take a look at the decent magnitude wobble that markets took this week as inflation readings came in just as high as expected and signposted by central banks, and ask what the fuss is all about? They wonder whether as the economy picks up and cars are being replaced, is the fact that it is the used petrol cars that are being bought due to a lack of government guidance on electric cars? And Bitcoin and Dogecoin are not normally associated with central banks, but the guardians of 'real' money are in fact designing their own digital currencies. Tatton explores what they are, and what's driving them.

And finally, a number of you reported that you had a problem viewing the Andrew Neil interview from Brewin Dolphin last week, probably because I gave you such a tight deadline. Please find another link to it below.

<https://vimeo.com/543636867/b1ebc3287e>

As always if you have any queries about any of the points raised in this bulletin please do not hesitate to speak to your usual JB Wealth adviser.

Until the next bulletin I hope you all have a great week.

Ian

Ian Luck

Financial Adviser

The comments and opinions in this bulletin are those of the author, do not necessarily represent those of JB Wealth, and should not be taken as advice.