Extract from JB Wealth Bulletin dated 18.6.21

I had a little fun in the last bulletin with the football references but the latter half of this week has brought things back to earth with a bump and the weather on the way into work this morning was so bad that I was tempted to look to see if Amphicars were on the company car list before remembering we don't have one. I hope it's better where you are.

Most major stock markets rose last week despite figures showing US inflation surged in May to its highest level in 13 years. The S&P 500 gained 0.4% to reach a new record high of 4,247, while the UK's FTSE 100 added 0.9% following encouraging GDP data. This week started strongly, with UK and European stocks managing to shrug off the delay to the easing of coronavirus restrictions, which is outlined with a return of our friends from Brewin Dolphin and their 'Markets in a Minute'. In this week's video, Guy Foster, Chief Strategist, and Janet Mui, Investment Director, delve a bit deeper into why the increase in US inflation and why the latest numbers didn't knock investor sentiment.

WATCH HERE

The week has seen the hospitality sector in particular trying to come to terms with the postponement of the easing of lockdown. Wednesday brought us something that we weren't quite expecting when the US central bank brought forward its projection for an interest rate hike to 2023 from 2024. And today we hear according to the Office for National Statistics that retail sales fell by 1.4% between April and May as people chose to visit reopened bars and restaurants instead of buying food at supermarkets. Sales fell most significantly at food stores as consumers took advantage of being able to eat out. In contrast, sales at non-food shops rose on demand for outdoor furniture. It just goes to show that whilst there is pent up demand to spend money there are certain circumstances where it can only be spent once and therefore targeting of specific areas will be important. All of this has made for an interesting second half to the week on the financial markets.

Interestingly, Julian Chillingworth, Chief Investment Officer at Rathbones, says that whilst recent inflation headlines have made for uncomfortable reading, and volatility has picked up as investors remained sceptical of policymakers' messaging, he doesn't think rising inflation is here to stay as there are too many other phenomena that will push it down. Find out more in the latest copy of Investment View.

Meanwhile, Duncan Lamont, Head of Research and Analytics at Schroders, argues that now is a period of relatively low volatility and that historically this has been good for investors, so stay the course, in the attached .

And in a new format for me please find attached a copy of an email we received from Michael Gifford, Senior Investment Manager at Charles Stanley which is a nice summary of the week's events.

That is a lot about the markets so in trying (desperately) to find interesting articles and different topics to bring you I do occasionally come across some things that might not be considered mainstream at the moment but might become more important in the future and the attached piece from Lombard Odier Investment management entitled 'Repair it' touches on the investment opportunities that a future 'right to repair' law might give. It's a theme we may well come back to at some time.

Last, but certainly not least is The Tatton Weekly in which Lothar discusses why although the US Fed recognises that things are going well, inevitably some investors got a little worried. He talks about how strong external demand has freed China from supporting its own economy – a benefit of other nations' domestic support – allowing it to puts its own house in order, and how the report into Toshiba's boardroom failures reveal how Japan's globalisation failure has created a domestic focused economy and corporate culture.

My usual invaluable help Jane is taking a well deserved break this week, so Gareth has kindly offered to assist me send the bulletin round today. But, in case something goes wrong and you don't get this do please let me know!! Otherwise have a great week and if you have any queries or questions about anything raised in the bulletin please contact your usual JB Wealth adviser.

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