

JUSTIN'S COMMENTARY

SEVEN 
Investment Management

Justin Urquhart Stewart is one of the most recognisable and trusted market commentators on television, radio and in the press. Originally trained as a lawyer he has observed the retail market industry for 30 years whilst in corporate banking and stockbroking, and has developed a unique understanding of the market's roles and benefits for the private investor.



NOT THE BUDGET, BUT RATHER THANK YOU HARRY

My apologies if you may be requiring some more budget comment, but frankly I think there is more than enough well considered comment already for us all to consume at our leisure. However, despite the brilliant efforts of those accountants working overnight to interpret the 'Red Book', which has the real contents of the budget in far more detail, the interpretation of this minutiae will take far longer to appreciate. What we heard on Wednesday was a delightful set piece charade for both our benefit and that of the media scrabbling for content for 24 hour news.

The Budget speech is not quite irrelevant, but the 'Red Book' is the key followed by the Finance Act, which of course is then going to be affected by the election - so we can just about ignore it all. Having said that, my colleague Ben Kumar has put out an excellent and succinct note on the key issues entitled '[UK Budget 2015](#)'.

A Leader passes

As I write the health of a great man is failing, and sadly will soon be lost. At the age of 91 he has certainly had time to make an impact, but this man has done far more in moulding and developing the dynamic city state of Singapore than any other individual. He has been controversial over his life but certainly if you judge a person by results then he has been a most effective and successful operator. Originally known as Harry Lee, he spent time briefly at the London School of Economics before moving to Cambridge where he read law. From here on he dropped his anglicised name and the Lee Kwan Yew brand was born.

Lee served as Singapore's first prime minister from 1959, when Singapore won self-rule, and carried on until 1990 when he finally stepped down.

He led Singapore's six-year transition from the often disruptive British colonial outpost, through to self-administration, then to initially merger with, and then subsequent separation from Malaysia, to independent statehood, and Singapore's declaration as a republic, in 1965.

He founded the governing People's Action Party and has been quite rightly credited with transforming Singapore from a sleepy Asian entrepot into a bustling and wealthy industrial and financial hub. He encouraged economic growth with (initially) easy regulation and low taxes for business, and by developing a large bureaucratic apparatus to look after its citizens. This was especially effective around compulsory saving for pensions (something which we have only just started to embrace).

However, progress came at the expense of certain civil liberties. Critics and human rights groups condemned his iron-fisted rule (albeit in a velvet glove) of the country which saw his political opponents jailed, exiled, or even sometimes ruined through costly libel suits.

Nevertheless, if you were willing to play the game, then you could be part of the success - but you were aware that there was a force behind the scenes. But given where the country came from, when riven with riots and weak economic growth, it certainly makes the claim of the effectiveness of a benevolent dictator somewhat more interesting. Some abused their role and position in the market with idiots like the management of Barings allowing the irresponsible Nick Leeson to run amok with shareholders' capital. That just underlined to the Singaporeans as to why effective control and regulation was more important. Now when you look at their economic strength it is certainly difficult to argue against.

There has been an opposition but never of any effect and on one occasion the only opposition member was donated his seat because he ran 'the most effective campaign'. Only 12 opposition politicians have ever been elected to parliament in Singapore. I had the honour of meeting Lee once and you were aware that he was a man of great presence and intellectual strength. I wish him well in what are probably his last hours, we will remember him as a highly successful and effective leader.

Fed loses, or rather drops, 'patience'

Our fixation to every jot and tittle (Matthew Chapter 5 Verse 18) over the words of the Federal Reserve is frankly the happy world of the pedant. Last week's minutes therefore were read with 'vital' interest to see if the pledge that 'patience' would be maintained. Well patience was dropped and thus the path is now open for the first rate rise for a decade in the US. The effect of this will be fascinating. At first the markets greeted the change with relief as it meant rates didn't go up immediately. However, if we see a rise in June then the effects on other nations, especially emerging ones, may well be more controversial. Madame Lagarde of the IMF has made such warnings clear for those economies and some have raised the spectre of a 1937 style stock market slump which occurred after the first rate rise following the end of the Depression.

We watch and we wait.

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And finally... I always have trouble trying to sort out the recyclables in my waste each week. Glass and tins are quite easy, but for the Serbians there are some added difficulties.

The Serbian government asked people not to dispose of any unwanted hand grenades and other munitions in the garbage. They are hoping to minimise accidents as it imposes tighter controls over privately held weapons.

Hundreds of thousands of unregistered arms, many stashed away after the wars in the former Yugoslavia in the 1990's, are estimated to be at large in the country with a population of 7.3 million. That is in addition to over 1 million registered weapons.

Thankfully Parliament passed a law last month setting strict conditions for owning firearms, including medical and psychiatric checks, following a surge in gun-related crime.

People can hand weapons in to the police under an amnesty that runs until June 4, or face up to five years in jail for illegal possession. But, fearing people will just dump their weapons, the Interior Ministry issued a plea for some safer and more effective recycling via the authorities.

So please next time do check thoroughly. Glass and paper in one bin, general waste in the other and any guns, grenades and incendiaries left by the milk bottles please.

In Hammersmith this would have got far worse had the urban foxes raided the bins and then we would have had armed animals roaming west London - if we haven't already.

Have a good week.

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