

JUSTIN'S WEEKLY COMMENTARY

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 20 years whilst in corporate banking and stockbroking, and has developed a unique understanding of the market's roles and benefits for the private investor.



GUNG XI FA CAI (MAY PROSPERITY BE WITH YOU)

A date for a celebration is next Sunday (the 10th) when we can welcome the Chinese lunar New Year, say goodbye to the Dragon and hello to the Year of the Water Snake. The Dragon lived up to its expectations and we saw a year of 'healing' for the global economy in most areas as the more creative oriental Dragon passed through. Luckily we didn't have the more occidental version which usually involves fire, theft and nervous times for virgins.

However, the specific attributes of Water Snakes aren't really all that different from how they are perceived in western culture. Snakes are seen as careful and stealthy, planning out details before they make moves, and with a preference for working alone. There is of course a more charismatic side, which easily seduces others to do as they will — like certain Biblical snakes you might recall. They sound a bit like politicians to me.

As for the business horoscopes? Frankly no guidance other than more of the same – which is a fat lot of use! 'China will grow and the US will stumble because of issues around the debt and deficit' - wow that's an insight. Still, a good excuse for a party.

Last week we had the next stage of the HS2 plans being announced. Now whilst I am a keen train traveller, and an enthusiast of the high speed trains (HST) especially, I am bewildered at the flights of fancy of politicians. They seem to be obsessed with huge dynamic projects with exciting cartoon videos of speeding trains rushing through the countryside.

I have a sneaking suspicion that what we are seeing is some sort of international HST competition with countries like France and Morocco, bragging that their trains are longer. Train envy is really rather sad.

Bullet trains are very exciting but hardly new. A forty nine year old technology which was superb for Japan whose infrastructure had been decimated by the war, and also perfect for a thinly spread country like France. However, is this really the right answer for a crowded little UK?

I have a nasty thought that this thinking has come out of a party policy hot house as a great populist and vote winning idea – but one that seems to have little logic to our current or immediate future.

I would rather that someone had sent out a call for today's Isambard Kingdom Brunel to give us the clues for the next new strategic direction. Also, where are the new technologies to take things to a new stage like the dynamic, albeit expensive German Maglev magnetic levitation train?

Also, why would we cut through pristine countryside when paths have already been cut by the Victorians along well planned level routes – don't you just build it alongside most of the existing tracks? And if it is a question of capacity then why not double-decker trains to expand the existing capability. Lastly, if you are going to create such a high speed network, then how come it misses out on our key airport hub at Heathrow?

Actually all the data for improvement of efficiency of faster travel is to link up the smaller conurbations into a more efficient and effective block. Thus the linking of the northern arc of Liverpool, Manchester, Sheffield, Leeds and Hull could create far greater an impact than just a faster traditional network. In addition to this just how much freight goes on HSTs? I would far rather see better transport to our ports from production centres rather than city to city. All of this would ease transport of all trade – and not just dozing passengers zooming by.

One issue that politicians always seem to repeat is their love affair for grand projects which could be seen as their enduring legacy. It must be some kind of ego thing. Far better to consider some good old fashioned joined up thinking on infrastructure which will give us far better value for our monies right now. Some of this might seem to be quite dull, such as managing road extensions, dual carriage ways and by-passes, easing rail bottlenecks. Surely the improvement for commuters into the centres is a key benefit for efficiency, especially when you see those geriatric and filthy commuter coaches still on the rails in areas like Manchester and Cardiff.

This is all development and investment that could start now and have a tangible benefit in the short term – not just being done but being seen to be done! HS2 with all the wrangling will take over a decade and no doubt continue to bust through optimistic budgets. Live in 2023? We need action now.

And finally...

We should stop knocking that often criticised profession – the teachers of our school children. Whether it's putting up with Offsod (sorry Ofsted), health and safety, interfering politicians or just tiresome children, they have to put up with quite a lot. Generally, I am sure most would agree that they are a bright, intelligent and a well educated bunch. Thus this should be a great comfort when compared to their equivalents' training in Belgium.

It would seem a study recently published has shown that a significantly large number of Belgium's future secondary school teachers struggle with some of the basic concepts of geography, politics and history.

Seemingly among final year teaching students involved in the study, one in three could not identify the United States on a map and almost half did not know where the Pacific Ocean was.

Shown a picture of Mao Zedong, two in three could not recognise the Chinese Communist leader, with the most common response being that it was the late North Korean leader Kim Jong-il.

Researchers at the Limburg Catholic University College tested 1,000 students in eight teacher training colleges in Belgium's Flemish region.

When asked which political ideology stood for the redistribution of wealth, higher taxes and state involvement only one in two answered socialism.

Students who followed the news and read newspapers scored better in the test than those who said they did not.

The Flemish education ministry said it was already rethinking the training of its future teachers and would, if necessary, make adjustments by summer 2013 – or was that 14? Well around there sometime.

Personally I blame the beer.

Have a good week.

Justin Urquhart Stewart
Director
Seven Investment Management Limited
www.7im.co.uk