

JUSTIN'S 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 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.



The Power of Positive Energy. A Canadian Property Lesson. The Great British USP & why we shouldn't clobber the consumers – again.

A week in New York is an invigorating experience with an opportunity to breathe deeply the strength of positive and creative thinking. I have found in the past that the attitude of 'yes you can' was always a boost of enthusiasm which is absolutely vital to counter the more pessimistic view back in the UK of 'you probably can't'. This time the positive attitude was still there, with the New Yorkers full of enthusiasm, but this was also tinged by a weary frustration with obtuse politicians playing party games rather than focussing on the necessary decisions to secure the recovering economy. There was a relief that compared to five years ago, the economy had rebounded, but equally a concern that the dependence on the financial stimulants was going to be a difficult issue to manage. 'How do we get off the drugs?'

However, despite this there is still a dynamism of attitude and achievement which is so very infectious and one which, I believe, that all in business should regularly reinforce themselves with. To look at what you can achieve is much more positive than worrying about how you could fail - the latter will almost ensure that you do!

Almost as an antithesis to the size and scale of NY, it was fascinating to go and take the financial and business temperature of East Lancashire and specifically Accrington. However, don't think that this was an opposite in terms of attitude, far from it, but in terms of design you have to swap the gleaming glass and steel towers of the Big Apple, for the solid and impervious brick that is the Accrington Nori (their world famous building brick - it was supposed to be iron but someone forgot to reverse the spelling for the brick mould). It was one of the strongest and hardest bricks ever made and for lovers of irrelevant but interesting facts, the one connection I have found between Accrington and New York is that the Empire State building foundations were made out of the famous Accrington Nori bricks. Towering high but built on Lancashire.

It was thus a pleasure to be asked to dinner by the East Lancashire Chambers of Commerce in Accrington, and far from seeing the caricature failing northern industrial town, I found a business community positively buzzing. Talk of growth and recruitment was going round the room, and whilst no-one was talking of any boom or irrational exuberance, there was a quiet air of growing confidence, although based from a low level of expectations. Oh and one other common theme with NY, they too were suitably sanguine over the capability of our politicians to really appreciate the needs of business in such economic circumstances.

UK rising

Last week figures further underlined that we have been seeing green shoots for some time now, and inevitably the media started casting doubt on the sustainability of such good news. Of course the one key area of concern will be the consequential rise in rates and the knock on effect it has on the consumer when mortgage costs rise. These can have a disproportionate effect on the UK economy - especially around the housing and mortgage market and no matter how much forewarning is given it will still be painful.

Perhaps then we should look at what may be happening in Canada, where their housing and property market is looking concerning and threatening to be a damaging bubble when it bursts. Canada of course, with the help then of our now Governor of the Bank of England, Mr Carney, managed to steer around the financial reefs of banking catastrophe a few years ago, but one of the actions taken to preserve confidence was to guarantee mortgages, with the riskiest of them being backed by the taxpayers themselves through their Canada Mortgage & Housing Corporation. Guaranteeing mortgages can be a fool's policy as, although it can provide short term solace, it will build up longer term risk.

Now whilst we do not have a national housing boom, we certainly can see some bubbly areas driven much by shortage of supply and a large amount of overseas demand. The Government should take care of our tax money and not hang it out to subsidise risky mortgages at a time of rising rates.

How to grow exports? Our USP

Exports don't just grow themselves. Apart from those brave souls who have the guile and gall to go out and do it themselves (and yes there are quite a few and of course that was a great British tradition to get on the boat and find your market), the rest of us need support, education and practical expertise and advice.

In years gone by this would often come from the traditional international banks who understood local markets, understood trade finance, and could put together properly constructed financial facilities.

Also, we seem to have lost much of our overseas trade network through the high commissions, consulates and embassies. The Germans are far more effective than us at this, made all the more remarkable when you think that we already have a network of more familiar nations which are generally Anglophile in their attitude, namely the Commonwealth. Considering that we often have language, law, as well as historical linkage, surely this is a natural group for us to foster and develop?

There are some quite simple and practical things that can be achieved here by focussing on particular markets, products and services. Pull together the government initiatives, the residue of the banking expertise and our network of local contacts, and we have an astonishing advantage we seem so reluctant to make the most of.

Not a new idea but a useful one

So yet again the consumer is being asked to pay for the political incompetence of our leaders!

This time it's for the abject failure to have any effective power generation and distribution strategy.

We know we have a shortfall of power capacity but what are our answers to it? More windmills - that failed to turn at the coldest point of last year. So are we going to be reliant upon the goodwill of Mr Putin and his Russian gas taps or shall we wait for the Chinese nuclear expertise? Oh dear, how desperate are we.

An old idea but a useful one adopted years ago in days of low cost money was to raise infrastructure bonds especially for this type of longer term investment. Rather than clobbering the consumer at a time of delicate recovery when they are going to pay more for mortgage payments in due course, why not have the institutions - and come to that private investors - buy into longer term infrastructure? It is no final solution but it is more creative than 'green taxes' that aren't very green and bickering power providers trying avoid a politically enthused public whipping.

More imagination please.

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And finally... I am sure by now you may have seen this story but none the less it did jump out at me - which is what I would have done had it happened to me.

A man who was found buried alive in a Brazilian cemetery has been freed after a passer-by reportedly saw the earth moving and heard calls for help. Brazil's Record TV said the discovery was made by a woman visiting a relative's grave in the Ferraz de Vasconcelos area of Sao Paulo.

Video footage shows emergency services scraping dirt from the man's body, who was still buried up to the chest, before hauling him out of the grave.

How the man ended up buried is unclear, but one theory is that he may have been attacked and dumped in the grave. Sao Paulo State Health Service confirmed the man had been admitted to hospital and saw a doctor and psychiatrist.

It said his injuries were relatively minor and he was released from hospital the same day. I am more concerned for the poor woman finding him - I suspect she will never go near a cemetery again.

Have a good week.

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