

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.



SINO NIPPON RATCHETING – ENDING CO-OP BANKING – AND A STRANGE JUROR

From the days of Tony Hancock, when wet Sunday afternoons were a tedium to be suffered, to sitting in traffic queues on the A303 with whining children, bank holidays and weekends can certainly have their less appealing sides. They can though also have a broader economic impact if you calculate the time wasted by such holidays and 'downtime'.

The curmudgeons amongst us will point out just how much the economy is hurt by our lazing around on our Bank Holidays. These latter day 'Scrooges' tell us that the economy probably loses £2.3bn in value for every Bank Holiday, and thus if we stretch this calculation for the entire year then the cost to our economy is seemingly over £19bn covering all eight days (to put that into context we take roughly £45bn in Corporation Tax each year). The last figures I saw showed that 45% of the economy is negatively affected (with factories and offices shut) with only 15% benefiting from retail and holiday affected areas.

So wouldn't we better off just cancelling them all? Well the clear answer is no! Actually we have the lowest number of bank holidays of all the G20 countries at 8, with the likes of Hong Kong having 17 - and I don't think we would regard those industrious people as being in any way work-shy. In fact what we find is that when you do have a bank holiday on a Monday or Friday, most manage to squeeze their work into those four days rather than do less of it. Obviously though this cannot so easily apply to repetitive manufacturing and down time for processing plant however, holidays and especially Bank Holidays can be good for morale and good for work enthusiasm if properly managed.

On the negative side though, we do see an effect where we see the holidays bunched together. In these circumstances you find that a business and even the economy can see a loss of momentum - just as we see in England especially where we see the Easter holidays closely followed by the two May holidays. Such momentum is vital - especially at a time when growth is still so delicate.

In the UK we have not really planned our bank holidays as once we are past the Spring festivities, there is then a yawning chasm until the August Bank Holiday, and then followed by a huge gap with the dampness and depths of depression of the Autumn until the distant glimmer of Christmas appears. Logically we should be having another one - especially to brighten up the shortening days in November. Let's celebrate the great naval victory of Nelson at Trafalgar on 21st October. Now it might annoy our friends in France and Spain, but we can say we are remembering all that took part (although not forgetting that we won).

Alternatively we could replace the not very British St George, and celebrate St Edmund's day when that King of East Anglia was riddled and sacrificed with arrows by the Vikings on 20th November 869. In Scotland we could then have the close by St Andrew's day on the 28th.

An End of Mutual Bank Admiration

I believe the Co-operative bank's days are numbered, well at least in its current form with a connection to the co-operative movement. Now just owning 30%, with the rest in the hands of US investors and hedge funds, they are going to be asked to make a further investment that has all the appeal of raising stakes in a game of poker. If the Co-op group doesn't want to participate then its percentage holding will shrink even more and merely become nominal.

No, it is time to 'fold' and forget that game of risk and if they want to be involved in financial services, and there is no reason why they couldn't, they should go back to the drawing board and take the strengths and brand of the Co-operative movement to redesign a financial services business in which customers can participate, with good moral standards and tenets, but run with commercial discipline and sound management sense.

To stay in this situation is frankly an embarrassment with a bank that is not co-operative other than in name only, and which could endanger the valuable parts of the group now financing the deteriorating investment.

Sino-Nipponese relations

Memories are long in parts of the Far East, or at least they can be reinforced, given the strength of feeling and emotions. The long running dispute in the East China Sea that I have mentioned before is not just an issue of oil and gas rights over a lump of sea washed islands, but rather something of far greater importance, that of face and pride.

Last week we saw a further ratcheting up of angst between the two powers as a Chinese court seized a Japanese cargo ship, the Baosteel Emotion. The case arises out of compensation claims going back to the Second World War. In theory the acceptance and opening up of such cases could expose Japanese companies to claims of hundreds of millions of Dollars in liabilities.

In February the Chinese authorities accepted for the first time a lawsuit brought by 40 former forced labourers against some Japanese corporations. Add this to the increasing number of similar issues in South Korea and this is leading to a 'chilling effect' in regional relations. Although in 1972 in a communiqué between China and Japan, the Chinese absolved Japan of claims in order to normalise relations for investment however, it did not cover the bringing of personal civil claims. Now, given the rising tension, the authorities seem happy to let such actions start - if only one suspects as a future bargaining position. From this we can extend to the claims of the dreadfully titled 'comfort women' - let's be clear they were sex slaves, much of which was covered over for reasons of diplomatic niceties. From the Chinese and Korean to the Dutch and British in Indonesia and Singapore, such claims could go far further.

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And finally...can every dog have its day - in court?

A German Shepherd dog was recently requested to report for jury duty in New Jersey's Cumberland County.

Barrett Griner IV, of Bridgeton, said he opened a jury summons on Friday addressed to "IV Griner," the name of his 5-year-old dog.

"The computer probably picked up that IV, which is usually after his name, from one of the databases and put it into his first name slot in the jury system," said an official. Griner, 40, who works as a treatment plant operator at the local water department, said he hasn't yet made that call to say that his dog won't be attending.

"I hope that the judge finds it kind of humorous," he said. "That's all I need is to have the local county judge think I'm making a mockery of his courtroom."

And you thought judges were barking.

Have a good week.

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