

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.



EUROZONE CONTRASTS AND THE POWER OF MARIO

The Eurozone, as we all know, is certainly not one nation and it is most certainly nowhere near being one economy. The startling difference between the flailing (and failing) of the French economy and the poster boy of the Euro area is quite stark. "God save Ireland" used to be the national cry, but no need this time as the Irish seemed to have done it themselves. Compared with the depressed business parks in parts of France, it was a fascinating sight to see the entrepreneurial spirit alive and well in Ireland. I was over in Mayo (Maigh Eo, which means Plain of the Yew Trees) last week where, despite a loss in the semi-finals to Kerry in the Gaelic football, whose rules I still don't understand, the bustling of commercial enterprise was clear to see.

Having suffered under the yoke of the single currency, the economy has shown some significant signs of robust recovery, although for many that vital word of confidence has yet to return. However, the property market in Dublin has been picking up and this improvement is also showing signs of spreading out from the Pail. Those wasted and desolate housing estates hit during the boom times stand as petrified monuments to the hubris of an earlier age and will probably never be occupied, but other developments are coming through, this time with greater caution over their financing and marketing.

The arrogance of the bankers (an issue not solely restricted to the Irish bankers) has gone, but in its place is a shattered banking system which will probably take another decade to be properly rebuilt. Ireland too will have to find other financing mechanisms to replace this shortfall.

With inward investment on the rise again and the country attracting more external investments than most other Eurozone nations, this is an encouraging sign. Obviously the beneficial Corporation Tax level is appealing to many such investors, but so is their firm membership of the EU and being within the tariff wall of the Union. A lesson here for those more rabidly anti-EU personalities; the longer the question of the UK's continued membership remains unanswered, the greater the chance that other inward investors will prefer the stability of an Irish economy within the Union, rather than the worry about the concerns of a country deciding to leave it.

So whilst the other European peripheral nations wailed and demonstrated their reluctance to reform and change, the Irish have just got on with it - pain and all. The result is that such flexibility, often at personal costs with a proportion of talent leaving the nation to go elsewhere, has paid off, and that although there is still a huge debt issue, the economy is growing, confidence is rising and Ireland is recovering. As for Mayo, I think all of us should visit and see how a real farming economy can prosper.

Time for Super Mario again?

Last Thursday we saw the latest action by ECB as Mario Draghi announced, as expected, a form of bank bond buying programme along with a rate cut to 0.05% from 0.15%, which to all intent and purposes is nought! Additionally, he increased the penalty for banks leaving deposits safely with the ECB. In effect, he is increasing negative rates to -0.2% for the pleasure of keeping your money with the ECB.

The idea is to strengthen the banks and to encourage them to get lending. Well that is the theory however, the real test will be if anyone wants to borrow and invest? The key word here is confidence and given what we are seeing in France and Italy at the moment, these actions, although laudable for their good intent, have all the look of limp matches trying to light a damp firework.

Initially the stock markets rose in Euroland, but against that, the currency fell further. This may be better news for exporters, but not so good for investors (which is one reason for which we have been significantly lowering our exposure to the Eurozone, with preference to the US and the Far East).

The question is will this be enough to turn around the deflationary spiral and to inspire the confidence for a return for growth? The feeling is that it is going to take a lot more than this to change things quickly. Reform, not just in France, but elsewhere, is going to be vital to spur on investment, risk taking and spending.

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And finally... I can recall many people I could infer as 'barking', but as yet I have never thought that they should or even could be 'debarked'. But the Singaporeans have other ideas...

There has been a suggestion by Singapore's public housing authority that owners of noisy dogs consider 'debarking' their pets to avoid inconveniencing neighbours, which has raised animal lovers' hackles in the city-state and prompted much ridicule on social media. The authority, the Housing and Development Board (HDB), recommended in a notice posted in a residential block that one option for dogs that will not keep quiet is to 'debark' them.

Debarking involves removing a section of a dog's vocal cord to reduce the volume of its bark and is recommended as a solution of 'last resort' to control noisy pets, according to the website of Singapore's Agri-Food and Veterinary Authority. Not unsurprisingly the local animal welfare groups say the practice is cruel and unfair.

"A dog also barks when it is in a stressed or anxious mode, and not hearing the dog does not mean the dog is in a stable state of mind," the group 'Action for Singapore Dogs' said.

However, in a statement, the HDB apologised for causing anxiety to dog owners and said it had taken down the notice. The notice was in response to feedback about 'dog barking nuisance in the middle of the night' in a block of public housing apartments. Other options it suggested to control the dogs were obedience training or training collars, as shown in a photograph of the Aug. 22 notice, posted online by Action for Singapore Dogs. "I'm sure everyone has someone they wish they could 'debark'", said a local Twitter user.

Singapore's limited land area means a majority of the island's 5.3 million people live in apartments, which means that there isn't always a huge amount of room for long walks. Perhaps this could be addressed by 'de-walking' as well? The 'nation city' places a lot of importance on being both courteous and tidy and that of course applies to all canines.



And I am sorry, but one more this week and this is from the BBC's website.

Have I got 'mews' for you...

Have you ever considered what marketing inducement might attract you to take out a mortgage? A cuddly toy, a money box or even some dodgy pens? But surely nothing can beat Russia's largest bank, which is apparently loaning cats to clients who buy one of their mortgage products - as a sign of good luck.

In what has all the marks of a publicity stunt, Sberbank - one of Russia's largest banks - says every new mortgage customer can choose the cat they want, and it will be delivered in time for their housewarming party. The bank apparently gives a choice of 10 breeds, and features a video showing the first happy clients receiving their cats.

The bad news for customers is that they won't be able to keep their feline. Terms of the offer state that the animal is only given so that it is the first to cross the threshold of the property - many Russians say a cat is sign of good luck to those moving into a new home - and is only available for two hours so that the home-owners can take photos.



Have a good week.

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