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.

WHAT HAS BEEN IS NOT NECESSARILY WHAT WILL BE

Beware the fashion fads. The 'BRICS' are starting to look rickety and the vagaries of popular fashion are always a danger especially when being pushed in buoyant and seemingly complacent times. So are good times followed by more good times? No, most things have a cycle and the promotion of wondrous past financial success is absolutely not any assurance for future financial certainty. In fact all too often it is diametrically the opposite. It seems that we have an amazing naivety to extrapolate out what has already occurred into the future.

Most recently you only have to look at the impact of the changing attitudes in China on the share price of Burberry. Whilst this iconic British brand is still very popular in many shopping malls of many developing nations, its premium position and price will always make it vulnerable to a weakening level of consumer confidence. However, the innocent investor is often all too easily swayed by monotonous chanting of the crowd and this persuades all but the most cynical that what has happened before will continue into the future. How many times have we lived through periods when the popular opinion was a 'given' view and anything else was seemingly heresy?

The dot-com boom was the glorious one when worthless shells were feted and celebrated until that bubble burst. The UK as well as the US housing markets where other areas which of course would only go up because 'God has not made any more land,' and you will recall those 'scammy' property road shows that encouraged punters to part with high fees to be told how to build a property portfolio out of a credit card. To that we can more recently add the solidity and certainty of the banks and the banking system, as well as certain metals at the core of the commodity boom.

Now of course we can see some of the less attractive elements of those much vaunted BRICS nations which were lumped together by Goldman Sachs into a superb marketing acronym for the fund industry. Just to run through the names of Brazil, Russia, India, China and South Africa is to create a list of the current concerns that seem to be turning solid BRICS into mud bricks.

Brazil is suffering from lower growth and credit concerns around its banks, and Putin's Russia is far from encouraging foreign investors that it is a safe place to invest. India's development seems to have stalled for the time being and the recent strikes in South Africa have done little to encourage new development.

Then China? Well at least the heir apparent, Xi Jinping has reappeared after a short holiday break presumably with Lord Lucan riding Shergar. On the assumption that he will take over as party secretary next month, he is going to be facing some uncertain economic issues. The country is having to change from export dependency to greater domestic growth at a time when growth levels are closer to 7% and double digit growth seems a distant memory. Remember anything under 7% in a developing economy will feel somewhat recessionary. Export growth is nearly flat and exports to Europe are down 13% on last year.

With this the Government has been trying to cool the property market whilst also having to address the inflation of food prices and an unpleasant groundswell (little reported here) of social unrest. The good news is that they have the reserves, but another investment splurge into infrastructure may well add pressure to the already credit stressed banks with suspicious amounts of non-performing loans carried over from the last investment boom. The old model of sustained high growth is probably broken - time for a new one with a new leader, but also time to change some of those old investment concepts based on a Chinese Xanadu of extrapolated high growth numbers.

It seems that we are forever taken in by those rising graphs that extrapolate values forward like the upward part of a parabolic flight. We should remember the second half: coming down! So what are the current 'givens' that we should question? Well, perhaps Apple, which despite making superb products and with a brand to die for, seems priced for perfection. Whilst I am a keen user, I can't see how the growth seen to date can continue on the same trajectory.

The other is the one I have mentioned before, and that is the Euro which many still seem convinced of inevitable failure. Time then to question such popular dogma and to look against the populist view.

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And finally...beware lawyers with imagination.

When a man's iPad was stolen from his home in Braddon Australia, he put his technology to work for him. He used the 'Find My iPad' app to activate the GPS and identify its exact location. When the police didn't act, he went to the Canberra home of Alden Harder, 49, and used the same app to activate the iPad's alarm, which he heard inside the garage. That was enough finally for the police to get a search warrant.

They found the man's iPad in a cache of allegedly stolen items from as far back as 2009. Harder was arrested and charged, but his lawyer claims the search was unlawful because the victim 'trespassed' on his client's property. Not the physical trespass, which wasn't illegal, but the lawyer says the GPS fix and subsequent activation of the stolen property's built-in alarm was 'trespass via radio wave.'

Thankfully the prosecutor, Keegan Lee dismissed that argument as "an absurd expansion of the definition of a trespass." Thank heaven for that, perhaps we are safe - for the moment.

Have a good week.

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