

STRATEGY FOR Week Commencing 3 February 2020

Historical significance from both expected and unexpected events creates opportunity. The UK officially departed from the European Union after 47 years. The problematic stage of trade negotiations now takes place but expect a rough ride as the EU will use unconventional tactics to protect its own interests. Whatever views that are held, change is always an endemic process where adaptability is the key to benefiting from planned or unplanned circumstance.

Global markets from the start of January had begun with robust optimism. I have over recent weeks warned of black swan events that can often unseat the rider of optimism. [CLICK HERE – coronavirus outbreak has helped spark vicious swings in stocks bonds and other assets.](#) Last week Global markets reacted with uncertainty over the continuing health concern over the corona virus. The human, financial and sociological effect is still yet uncertain however market have reacted with negativity. Particular sectors may well be affected as international travel bans take effect. Airlines, Health and Finance sectors may well be just the tip of the iceberg where significant disruption on normal business may well be affected.

Chinese global growth is and has been the driving force that has ensured continued optimism. Any slowdown with this may impinge on trade as current trade negotiations with the US phase 2. [CLICK HERE- fears global economic slowdown virus.](#) Most news reports still show a lack of understanding of the origins and the possibility of a man made created problem, as coincidence or not, the outbreak originated in Wuhan, China where the Wuhan National Laboratory helped in the study of biological development and warfare program [CLICK HERE – virus hit wuhan has two laboratories linked to virus](#) for diseases such as SARS and Ebola. [CLICK HERE- china's top virus lab is in Wuhan the center of the outbreak.](#) Reports suggest a global wide businesses will be affected [CLICK HERE Apple closes Chinese stores corporate offices](#) as Apple said it will close its stores and corporate offices in China providing significant escalation in its response to the coronavirus outbreak gripping China and roiling global markets. Sector specific Health companies dealing with infections and vaccines may well provide trade ideas for opportunities.

Last week the Federal Reserve and the Bank of England kept interest rates on hold and recent statistics provided enough comfort to alleviate the need for any changes. The impeachment affair in the US looks dun and dusted and a fudged process help to protect the status quo.

Events of late last week with markets in retrograde motion saw the portfolio affected with a -4.50% decline week on week and for January as a whole -2.17%. As January goes so the rest of the year so defensive asset allocation may become my approach for 2020. Last week the portfolio saw significant stock declines with Augean -10.19%, Bellway -2.52% Enphase Energy -4.04% , MKS Instruments -3.57%, Spirent -7.52% compensated by a positive increase Cohort +2.35%. Pull backs on US stocks Enphase Energy and MKS Instruments ensured that Profit target have to wait for another day for disposal.

And so onto February which is the 4th ranking month for share performance. Since 2009 the market has been up every February since 1994 with few instances of negative returns. In February the FTSE 250 is particularly strong relative to the FTSE 100. But prior performance can only be a guide in normal circumstances and current concerns could filter into stock market perception as further declines in stock market indices always a possibility. Ah there always earnings season to keep on ones toes. This week I will again to look in vain for price targets aware that Spirent has lost its fizz! Until Next Time.

[STRATEGY FOR Week Commencing 27 January](#)

[Week Commencing 20 January](#)