

STRATEGY FOR Week Commencing 13 July –

The term ‘helicopter money’ is a term unfamiliar to many. Cash for Free from a helicopter! [CLICK HERE](#) and [CLICK HERE](#). It was former Fed Governor, Ben Bernanke, who coined the phrase suggesting that helicopter money could always be used to prevent deflation. Helicopter money is unconventional monetary policy, when the economy is in a liquidity trap (i.e. when interest rates near zero and the economy remains in recession). The original idea of helicopter money describes central banks making payments directly to individuals, including the ‘permanent’ monetization of budget deficits – with the additional element of attempting to shock beliefs about future inflation or nominal GDP growth, in order to change expectations. As the pandemic continues to devastate, the distribution of free money [i.e. helicopter money] would now seem to be the new kid on the block in solving low growth, high and rising levels of unemployment and frozen economies. Last week’s announcement of further stimulus by UK and US economies has all the hallmarks of helicopter money. According to the Bank of America, total global stimulus, including both fiscal and monetary, has already reached a whopping US\$18.4 trillion this year designed to counter the retrograde in declining business activity, recessions and geopolitical uncertainties is a store of trouble for the future as projections of the resurgence of a bear market become a standard pitch. The reliance on borrowing and debt has become a common theme with too much debt in the US corporate and Government sector now obvious. With the UK policy objectives of borrowing as much as it can at low rates of interest this can seem an easy way out. Short term fixes have alas long term consequences as future generations will become burdened with debt from its forefathers. Inter-generational factors may even become the focus of the upcoming US election. Recent geopolitical factors may well come into play to shape the directions of markets over the summer. UK/China international relations on security law changes in Hong Kong, the continued impasse of Brexit negotiations suggesting that a no deal continues to be a possibility, a considered U turn change in UK policy in the use of Huawei as a lead facilitator in 5G and the continuing geopolitical effects of the pandemic all providing reasons for caution in market involvement.

The portfolio resumed to the positive last week with a +1.31% increase. Last week I needed to take action to address the poor performers. The continued share price decline of Omega Diagnostics over the last three weeks lead me to reduce my holdings in the share. Too much hyperbole and the company’s sudden request for additional equity funding persuaded me to reduce my holding. When a share starts too become problematic time for reassessment. Keep it simple always a good adage. I discharged ConvaTec Group as poor performer and continuing price fall led me to get rid before it came a problem. My current approach to portfolio management is too shift the emphasis to reduce risk and reduce profit dilution. That being said, I looked at increasing holdings in BATM Advanced Communications and ITM Power plus plc acquisition. I reassessed my approach to share price decliners adopting a revised approach eliminating those that continually disappoint. SDI and Iofina are candidates for disposal when the time is right. UK House builders saw an uptick last week with Bellway +6% and Redrow +9%. Last week’s policy change by the UK chancellor on a stamp price moratorium may see a temporary reprieve for UK house builders till March 2021. Recent acquisition SAGA has yet to show itself to be a worthy addition. The recent resurgence in Spirent Communications has provided welcome relief offset the loss in profit dilution in Omega. I may look to continue to reduce my holdings in Omega if share price decline continues. Last week’s +9% increase in Spirent Communications may be a starter for 10 or a mere blip of positivity. Yet one needs to be conscious that the upcoming revised approach to Huawei involvement in UK 5G may yet have an influencing factor in the likely projections on Spirent share price performance in the near future. I keep faith with Spirent on possible broker upgrades on the share. US Pharma shares Bristol Myers, Catalyst Pharma and Cetene keeps my US involvement but I may look to take quick profits when appropriate and move on to other shares. I will be looking to a shifting emphasis in eradicating the poor performers. This week I will be a reviewing and monitoring particularly the new additions. Until Next Time.

[STRATEGY FOR Week Commencing 6 July](#) [Week Commencing 29 June](#) [W/c 22 June](#)