

## STRATEGY FOR week commencing 18 January –

This week will see the curtain come down on the presidency of Donald Trump. Whatever side the argument one holds I am reminded of the words of movie star Vinnie Jones, 'it's been emotional'. Out with a bang and not a whimper would be my take. The incoming president Biden agenda looks like being focused on the pandemic and my strategic choice of share purchase last week was dominated by this influence. President Biden has announced a trillion dollar package of stimulus with promised more support to the masses in the form of helicopter money. What political commentators conveniently forget is that the funding of this comes with a price. The Federal Reserve has advocated the policy of unlimited support so it's again off to the money printing presses we will go. . For a stark reminder of the crippling levels of rolling national debt owed by nations [CLICK HERE – World Debt Clocks](#). Yet this is not an isolated case as the pandemic continues to ravage havoc in most countries economies. The UK's continued isolation became even more evident with travel bans being imposed. Everything economic has affects. The disruption caused by the worldwide travel mayhem will mean knock on effects to communities so reliant on aviation. Economic theory suggests that contractions will have negative multiplier effects. A double dip recession looks a high probability in the UK with a confluence of factors at play. The pandemic, Brexit and the close down of the economy will take years for recovery. Yet one must have some forward optimism. Evidence from the past indicates so. When the pandemic hit in 1918 (Spanish) and 1957(flu) it was followed by decades of exuberance with the roaring twenties and swinging sixties so perhaps we might see a decade of entrepreneurial innovation. The pandemic has altered the fabric of economic thinking and shifting behaviour will ultimately lead to winners and losers. Predicting the future is for the mystics but one should always be aware of future trends that could impinge on the current. As an example Money markets ramp up bets on U.S. interest rate hikes by 2023. [CLICK HERE](#). Operating in low interest environments have been the norm for many years, yet the effects of higher interest rates is now a possibility given the democratic policy of fiscal stimulus through taxation changes rather than monetary policy. January 20<sup>th</sup> 2021 a day of change for economic, political, environmental and sociological. Change brings opportunity and one can benefit if one is able to predict the impact of the change. With that in mind I have shifted the portfolio into sectors which I suggest could benefit from those changes. The portfolio saw a weekly net -0.27% decline offset by winners and losers. Recent winning weekly gains Emergent bio solutions +9.5%, Fulgent genetics +11% offset by recent losing weekly declines Ameresco -11.9%, First solar -6.60%. Legacy trades of Housebuilders Bellway -5% and Redrow -7% again showed retrograde declines now a common weekly theme. I have set price target for UK builders for disposal guided by house building industry expectations of a slowdown. US shares Teradyne +5% and Halozyme +8.7% again proving that diversification is a key requirement when managing a portfolio. Last week I returned to a past favourite Emergent biosolutions a topic choice dealing with Vaccines and COVID testing. Monitoring and close review of the portfolio will be my top priority this week as expectations of volatility may be driven by US inauguration and any undesirable aftermath. The markets may be guided by the first 100 days of President Biden's policies yet overshadowed by the twenty one gun salute of outgoing trump. Who says life is boring in lockdown. Until next time.

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