

## STRATEGY for week commencing 11 January

We live in interesting times. Confusion and unpredictable events can trigger off catalysts that is often difficult to anticipate. Surprisingly last week's chaotic events in Washington DC had little effect on the march of the US indexes. Overall, despite the challenging times we live in, markets held firm and saw a surprising robustness uncharacteristic of normal January's market performance. The performance of the stock market in January has changed dramatically over time. Since 2000 the average market return in January has been -1.6%, with the market seeing positive returns in only six years. This makes January the worst of all months for shares since 2000.

So what's in store for 2021? An anomaly that is often overlooked is that from the point of view of the UK market, it often performs better when there is a democratic president against a republican president. Perhaps January 2021 will provide an alternative universe where what goes up will continue to do so. 2021 is obviously a different creature as confirmation of a new president to be installed on January 20 means certain volatility until then. The incoming president has voiced the need for additional support to counter the growing threats of economic instability and the pandemic. [A voice from the past] Yes it looks like helicopter money is upon us once again. The continual relentless money creation and Government support has consequences. So for alternatives look no further for wealth protection with favourite hedges against the ever diminishing value of fiat money. The rise of safe haven assets such as Gold, Crypto, and Art may well become the topical choices for 2021. Added to the fact that policy choices of the new US administration has already seen marked increases in share prices of alternative energy, infrastructure and climate related shares. Gold and Bitcoin have again shown them to be a popular way of hedging for the market unpredictability that January is sure to offer. A worthwhile video of short term effects on activity suggesting that higher interest rates may well be on the way [CLICK HERE](#). Irrational you could say but as with a full complement of a democratic president/senate/ congress one needs to fully anticipate that, as a result of change in a political direction, this will filter into a change in economic management. One could well argue 'new wine in old bottles' as the threats of unlimited stimulus as popularised in Keynesian economics raises the prospects of a return to fiscal policy. Watch out for the tax raid that's about to be unleashed in the US and UK. How else can one pay for the pandemic?

2021 has started well for the portfolio with a +3.91% weekly increase. As January leads so the year may follow. In last week's commentary I stated that I would take profits as so I kept to my word. The first week of January saw market optimism and with that in mind, I liquidated my entire positions in Lithium Americas, Canadian Solar and Renewable Energy. Nobody goes broke taking a profit and my decision to liquidate was purely for profit and no other. As a medium term measure, portfolio recalibration is always something to consider. I still favour these sectors for 2021 and may revisit the repurchase of these stocks in future. Finding replacements is always a challenge so I replaced the disposals with new shares Ameresco Inc, Fulgent Genetics and a previous winner Teradyne Inc. Fulgent Genetics had fallen significantly and on testing fib level retracements I was persuaded to buy in at a level where upside potential is a possibility despite recent downgrades which I ignored as a matter of principle. This week my focus may well concentrate on UK house building share Bellway and IT share Spirent Communications which has been lack lustre in share performance. Profit taking again a strategy I may well adopt given my expected downturn in UK residential market for 2021 and 2022. One should always be conscious of the fact that shares are not ones friends and reviewing poor performers to replace with shares with better potential always a worthy consideration. The froth of the opening week may not be repeated for this week but you never know. Until next time.

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