

STRATEGY FOR week commencing 1 February

January has now been and gone and whether last week's realignment to retracement is a sign of things to come one could be guided by market sentiment. Since 2009 the market has been up every February and since 1994 the market has only seen significant negative returns in three years. There's no obvious reason why the market has been so strong in recent years in February. One possible explanation might be that also in recent years, shares have been weak in January and so experience a bounce back rally in February. In February shares tend to rise strongly on the first trading day, then trade flat for a couple of weeks before gaining strongly in the middle of the month and finally drifting off slightly to month end.

Last week's topical market news was the battle between Goliath and the private investor. Hedge funds who bet big on the collapse of a games firm were slightly disappointed (losing millions) with the fight by private investors who gave them a run for their money. This provides a theme this week of market manipulation. Surely it doesn't happen one may ask! For seasoned investors one should always be careful about analyst recommendations. I'm reminded of the film *The Big Short* where suggestions that where credit agencies provide good credit ratings for the gerrymander firms. Recognition this week that central banks are actively considering digital currency at some point in the future would seem to be given a boost given the continuance of the significant restrictions. Probably an inopportune time to revisit the Bank of England's view [CLICK HERE](#) and the growth of digital currency in the new world order of finance. [Central banks digital currency](#). Crypto currency may well be heading mainstream as the prepared way for transaction purchases.

Last week portfolio performance was net neutral +0% yet portfolio management was my key task last week. The continued plateauing and declining share performance of Spirent led me to dispose of two thirds of my holding. Guided by my own targets I secured good profits on the Spirent sale but still retaining a holding ensuring that no share's percentage was in excess of a significant holding of the portfolio. Portfolio realignment allowed me to enter into new positions with a return to the purchase of Fulgent Genetics, Digital Turbines and UCTT holdings. Profits gained allowed the portfolio enough buffer to counter the falls in other stocks held in the portfolio. Foolhardy or brave, the position in Digital Turbine was taken guided by the expected earnings report on 3rd February. The explosive rise of Fulgent Genetics would seem to suggest that this sector market sentiment has gained traction. UK house builders Bellway and Redrow again failed to show much enthusiasm and patience is the only thing left for this sector. One has to be guided by recent economic data showing that things ain't what they used to be with increasing unemployment and massive government debt off the roof. Last week's significant fall in US share Teradyne (-18%) was most unexpected and will take time to recover to prior levels. Market manipulation at play perhaps, one can only ask questions given Teradyne recent reasonable results. This week I will again be on the scout for something new and may even look to something different that captures my fancy. Until next time.

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