

## STRATEGY FOR week commencing 15 February

Last week's depressing UK GDP figures provided a lesson in stark reality. Unlike the hyperbole shown by Mr Trump whose silver tongue once again proved the winner in the impeachment trial process, figures don't lie in the UK GDP growth figures. For many years UK growth was built on the service economy. The UK has been reliant on services rather than manufacturing and in the good times no problem. The pandemic has shown the damaging effect that it has had on service based economies. As an example, the once thought infallible airline and hospitality industry has been decimated with travel restrictions limiting the growth prospects for the industry. Alas its damaging effect isn't just limited to the industry on its own but supply chain management. Crawley a town in Surrey close to Gatwick airport has seen knock on effects on local businesses from the downturn in the airline industry.

In the US its earnings season with the tech sector seeming to have confounded the sceptics with ever improving figures. Perhaps lockdowns society have seen the stay at home shares the one to concentrate on. The continued revitalisation of the crypto market has seen heavyweight interest with large mega caps getting involved. The shift to digital currency may be gaining traction as physical cash becomes an outdated mechanism for payment. Recent news with credit card giant MasterCard's planning to offer support for some cryptocurrencies, together with BlackRock Inc., the world's largest asset manager, adding bitcoin as an eligible investment to two funds, and BNY Mellon said last week it formed a new unit to help clients hold, transfer and issue digital assets, just days after Elon Musk's Tesla revealed it had bought \$1.5 billion worth of the cryptocurrency and would soon accept it as a form of payment for its cars. This in no way is an endorsement to the brave new world but reality could suggest the trend is pointing the way to the future. Last week the portfolio had another impressive week with a +7.16% increase emphasizing that so far February is proving to be a winner.

Last week was significant as I decided to liquidate an old faithful UK house builder Bellway plc for good profits. My target of £31 was hit and taken. Enough evidence supports my view that UK housing may see a coming downturn with stamp duty changes, house price falls and unemployment primary drivers. Disposal proceeds from Bellway allowed me to expand the portfolio in different ways and concentrate into the US markets. Similarly remaining holdings in Spirent Communications was disposed of with good profits gained. I have always maintained that shares are not ones friends. If you want a friend get a dog! The market can be brutal so ones has to take a clinical approach and take profits once in a while. Disposal recycling was activated in adding to positions in Fulgent Genetics, UCTT holdings. Marathon Patent Group. New share acquisitions included US housebuilder D R Horton, tech specialist Qorvo and RIOT Block chain. My exposure to crypto currency has been one of thoughtful consideration as these shares are not undervalued plays and potential speculative. I have looked at the crypto miners/block chain technology rather than the currency per se as a more pragmatic choice. I have taken a 'risk on' position in this sector. These may not be suitable for the risk averse among readers as they are high beta trades. The US Housing stock single family builder DR Horton has replaced UK housebuilder Bellway as a potential more promising trade given the interesting statistic revealing that there has been a +30% year on year growth in single unit housing in the US between 2019 and 2021.

This week I may again look at exiting trade positions on non- performance shares. Being proactive again the key. The venture in the crypto scene not for the faint hearted but certainly more interesting than the dull home bias of the FTSE which has and will continue to be in the doldrums for some time yet. Pound sterling continues to be resilient, alas the UK stock market still having the effects of the winter blues. Until Next Time.

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