

STRATEGY FOR week commencing 10 May

The U.S. economy created just 266,000 jobs in April, the Labour Department reported, far short of the consensus forecast for a rise of 1 million. The US unemployment rate also rose to 6.1%. [CLICK HERE](#) Despite the stats the US business recovery, seem to be confounding the pundits and keeping momentum on track. The business cycle often gives valuable insight of where an economy is heading. Were now heading into the six month effect where the summer period is often the poor relation to the winter period. Treasury yields, which had hit a 14-month high near 1.80% in March, were expected to remain subdued as the jobs data helped ease worries a red-hot economy would lead the Federal Reserve to begin scaling back its accommodative monetary policy sooner rather than later. The FED has stated that it will have no hesitation to use higher interest to stem the possible overheating of the economy. One needs to wait with interest on how it will pane out.

last week geo political events saw the G7 meet despite the pandemic. And in the UK the domestic agenda was dominated by politics as the incumbent government saw voting patterns accede to their populist policies. The success of the vaccine programme in the UK would seem to have helped the voting intentions. Meanwhile in India the country now worse hit by the pandemic continues to suffer appalling mortality numbers. Events of this nature can redirect ones views on trade ideas. Yet one must always take note of economic, social and political changes. A new UK GDP estimate for March and Q1 numbers are also on the horizon on Wednesday. Having weathered a lockdown-induced slowdown of 2.2% in January (a number that was better than expected), predictions for the quarter have been revised up twice.

The portfolio alas again saw a retracement of -5.06% reduction. Top of the list of recliners were MARA -16% and RIOTAND -22% followed by lakeside industries -6%. Last week's trading activity saw the disposal of the laggard Emergent Bio-solutions, a company that has cost the portfolio dear. Time was up as brand damage continues to destabilise EBS. Micron Technology and Ameresco were sold on approaching a stop loss. As commented on last week, sector rotation always a safe trading technique. US president Biden has stressed the alternative and infrastructure sectors for involvement and this had a direct effect on a choice of selected shares with increased holding in D R Horton, Lennar and MYR group and Quanta which are new stock selections. This week I will be looking on how these perform. This week I will look to continue to keep the ship afloat, no mean task indeed. Until next time.