

Strategy Commentaries for January 2023

Week Commencing 23 January – The good bad and ugly held their world summit at Davos last week expressing the why and where for all that will be used as influence by the world elite. With private jets and expressions of concern by the untouchables so distant from reality perhaps it's time for a natural disaster to strike to our precious planet to bring sense that the world is on a path to self-destruction. In last week's market performance the Dow was down 2.1%. while the S&P 500 and Nasdaq 100 roughly added 0.3% and 2.9%. Equities in London snapped three sessions of losses on Friday, with the benchmark FTSE 100 bouncing back to close around 7,770 points, driven by gains in technology and materials. Gold continues to elevate into strength and one must consider that the crypto winter continues to assist gold as the shining knight in commodities. So far January has defied expectations by providing optimism Step back to last year and January set the tone of downward trajectory. Forward onto the present and markets have remained resilient despite inflation and dismal growth throughout the global economy. The recent relent on inflationary pressure in the US and UK markets alas need to be taken as pinch of salt as the FED and BOE continue their path towards higher interest rates with the terminal rates for 2023 now being pencilled in at 5.25%. So don't be lulled into thinking that were past the crest yet as there's still pain to be experienced. A 2023 macro economic outlook that's worth a reader can be viewed [here](#). Inflation, diminishing world country growth and conflict looks to be the flavour of the month. The portfolio saw neutral performance last week at 0% with upside for the year currently +1%. So far the US portfolio has been the better performed than the UK. US stock- One Main holdings has been the robust stock so far with year to date up +15%. UK stock Thungela Resources continues to frustrate with a -13% year to date decline. Thungela was used as an ex dividend income trade and its disappointing to see that it has yet to recover from when it was bought. Last week Virgin Money Ltd was acquired as a purchase for future dividend income. A technique worth considering is setting a stop loss well below ask price ten minutes before end of day a day prior to a stock going ex-dividend on the following day. This will enable future guaranteed income to be received. The set stop loss will protect a portfolio from excessive falls if a share falls sharply on ex-dividend date. Next week global Managers purchasing Indices will provide leading information on market confidence so market reaction with market volatility. This week I will continually to be patient and look for portfolio recovery a slow and graduated process, but one necessary for protection. Until Next Time.

Week Commencing 16 January – Last week there were some green shoots of recovery as the blue chip FTSE 100 index hits heights not seen in many a year finishing near record levels of around 7,850 points, driven by healthcare and financials stocks. In the US stocks closed in the green last Friday. The Dow closed 0.3% higher and reported its best week since November. The S&P 500 added 0.4% while the Nasdaq 100 gained 0.7%, its longest winning rally since 2021. In the week ahead in the US, the spotlight will be taken by retail sales, producer price inflation, several housing indicators, and earnings reports for several big corporations. On an optimistic upbeat note a leading indicator the University of Michigan consumer sentiment for the US rose to 64.6 in January of 2023 from 59.7 in December, the highest since April and beating market forecasts of 60.5, preliminary estimates showed. On the data front, the UK economy unexpectedly expanded in November, with data showing that consumers kept spending despite the severe cost-of-living squeeze. Adding to the upbeat mood, the US CPI report last Thursday showed that inflation eased for a sixth consecutive

month in December. This is not to say that the FED/BOE will pivot on interest rates as markets looked to factor in a 25 bps rise in early February. Declining inflation may prove to be a false dawn as the FED may yet consider a 50bps hike. Looks like it's going to be Red or Black decision again. In the UK, plenty of waffle and hyperbole continues where pass the parcel on the blame game on the resolution on industrial strife in achieving agreement still a distant hope. Last week's disturbing report on UK MPs receiving even more money from donations through secondary employment again shows the hypocrisy of the British establishment towards honesty and integrity. 2023 has so far shown to be resilient in share price performance suggesting that the 5 day test may just see the year more positive than 2022, yet there's still a long way to go. Punch drunk could well be the analogy used in the Crypto market as contagion from the FTX continues to suppress crypto mania. Hence Gold looks set to become fashionable again in 2023 as other sectors [housing] diminish in popularity. The portfolio saw the first positivity of the year as last week saw a +1.71% increase yet this increase was met with no trading activity. My intention is to attempt to guide the portfolio back from the depths of 2022. This will require eradication of the poor performers which have so harmed my progress. Thungela Resources and Diana Shipping prime candidates for removal to Alcatraz island ASAP. One main Holdings, a US share helping assist on last week's performance with a +6% week on week increase. A slow but gradual recovery is my aim with preference of growth over dividend income payers the theme for the early part of 2023. This forthcoming week I may look to include as an addition a new UK stock in recognition of the fact that this has been the best start to the London Market for some time. Perhaps this may be irrational exuberance or the optimistic tone set from market participants. Yet one must also consider other factors on the horizon including the opening up of China, the forthcoming interest rates escalation and continuing geo political insecurity as reasons for consideration. If January can continue its optimistic start then green shoots of recovery are possible. Just watch out for the banana skin that may emerge in some form of another. Until next time.

SATURDAY 14 JANUARY 21.00gmt

US stocks crossed into positive territory in the last hour of trading on Friday, recovering from earlier losses as investors digested new economic data and a slew of earnings. Major US stocks closed in the green on Friday, after investors digested new economic data and parsed a slew of earnings releases from big banks. The Dow closed 0.3% higher and reported its best week since November. The S&P 500 added 0.4% while the Nasdaq 100 gained 0.7%, its longest winning rally since 2021. Equities in London extended gains for a third consecutive session on Friday, with the benchmark FTSE 100 finishing near record levels of around 7,850 points, driven by healthcare and financials stocks. The export-oriented index has benefited from the Chinese reopening trade, with investors piling into many multinationals, particularly oil and mining companies that make up the index. On the data front, the UK economy unexpectedly expanded in November, with data showing that consumers kept spending despite the severe cost-of-living squeeze. Adding to the upbeat mood, the US CPI report on Thursday showed that inflation eased for a sixth consecutive month in December.

Regarding individual share price movement, Rolls-Royce and Glencore were among the top gainers, up roughly 4.1% and 2.4%, respectively. The FTSE 100 rallied almost 2% this week to record its second consecutive weekly gain. </MARQUEE>

Week Commencing 9 January – A tentative start to the New year saw all major indices recover from the continuous downside of the first trading day of the New year. Equities in London extended gains for the fourth straight session last Friday, with the benchmark FTSE 100 closing near record levels at around 7,700 points, driven by the heavyweight materials sector. Further signs that inflation could be peaking in the eurozone and somewhat upbeat economic data sent another wave of optimism across riskier assets this week. Is this the catalyst for change or a continuance and a false dawn! A sign of optimism as wage growth in the US unexpectedly slowed in December with ISM data showing that non-manufacturing business activity declined, with factory orders contracted well above expectations. The non-farm payroll US jobs report showed that the US economy added more jobs than expected for the ninth consecutive month, adding to evidence of stubborn tightness in the US labour market. In the US, centre stage will be taken by the inflation rate report, Fed Chair Powell's speech at the Riksbank International Symposium, and the University of Michigan's consumer sentiment. The United Kingdom will be publishing monthly GDP data, alongside foreign trade, industrial production, and construction output. The British economy is expected to have slipped back into contraction in November, with industrial and manufacturing production falling. 2023 will be the year when inflation will either be left to continue its rampant cost push path or brought under control through stringent monetary policy and the effective use of Interest rates. The upbeat mood of the markets in the first week has given a positive tone compared to 2022 and one must look to see this as a sign of change. Yet one must be conscious of the fact that continuing hikes in interest rates will have significant effect on housing and construction related activity. The 1970s and 1980s saw housing as a sector for never ending price escalation. Yet the financial crisis of 2008 saw boom bust in housing prices as a consequence. Moving onto present day and here we go again. Yet in some ways today is different as affordability means that interest rates rises will have such more potent impact on house ownership. The shift in emphasis in the reduction for homeownership among the young and increase in private rented housing means a socio economic change in the heart of capital cities. On a personal observation, countless numbers of rows and rows of empty flats in the docklands, around Battersea and Wembley in London, and similar major cities shows just how dysfunctional housing will be in 2023 and prime for sector adjustment as an investment. Politicians rhetoric on housing solutions is crass and unconvincing. For 2023 dismiss what Politician's have to say and be guided by solid facts and market sentiment. The portfolio started off with a -0.28% decline which by recent turbulence is positive. Recovery from 2022 is my main objective for 2023 and with that in mind I liquidated my position on South32 Ltd a miner. I have begun to micro manage portfolio positions and will continue to monitor shares for disposal so as to reduce unliquidated declines that has been so indicative of 2022. This week will be more of the same as my approach will be to nurse existing positions to positions of safety. How long this will take one can not tell. But patience and discipline will be required so that I can end this year in a better position than last. This week market sentiment will be influenced by the upcoming speech by Powell. If the market feels that the pace of interest rate hikes are likely to slow then another week of recovery could be

on the cards. I wait with anticipation to see if the New year can continue as a shining knight or as a black swan. Until Next Time.

Week Commencing 2 January – A fresh start for a fresh New Year is one where most investors and stock market activists would buy into. Last year was one of stern reality that markets go down as well as up. The days of cheap money, quantitative easing and free credit indicative of years prior to 2022 can to an abrupt end. 2022 will be recognised as a game changing year where the free ride of escalating stock markets, globalisation and currency liberation came to an end. Alas institutional heavy weights are intimating that 2023 will be a difficult year with pan economic recession being a consequence. For the first time in decades inflation has shown to be an infection that has prompted the FED, BOE to raise interest rates at levels not seen in a decade. 2023 will continue to see interest rate raised to what is considered to be necessary. So how does one navigate 2023 with positivity. The old adage Time in the Market and timing the market comes to mind. Does one go into cash and miss out on the prospective bear market rally or does one be brave and stick it out! Each individual will decide and will be based on ones perception on risk adversity. For those fortunate to have liquidated positions prior to the 2022 market decimation one can choose their moment to enter back into the fray. The January effect provides a barometer on the likely outcome of a forthcoming current years performance as the first five days of the year has a distinct unique capability of predicting the return for the whole of the year. This would have confirmed 2022 as a bad year. Let's see what the first week in 2023 has in store for the beaten up 2022 investor. Perhaps a wise course of action is to recognise the importance of defensive sectors against cyclical timing. 2023 suggests being a year for downturn so looking at defensive stocks such as pharmaceuticals may be an option. Alternatively looking at reverse ETF as a way to benefit from falling markets may be another option. A theme for 2023 would suggest that digitalisation in all forms has become the main product of the orwellian society we are now in. In the UK the demise of the traditional bank branch meaning everything is now done online means a massive reduction in the number of banks. The rise of the argument to digitalise money in all forms will raise the prospect of a digital central currency. But it won't stop there of course. The recent approval of Bidens Executive order 1407 effectively ensuring legal scrutiny of how people spend their money with the ultimate goal of digitizing the American dollar [Click Here to view](#). In the UK. expect the UK prime minister to divert attention away from the cost of living crisis, interest rate hikes and inflation towards the adoption of Central Government Digital currency (Digital Pound) as a means of camouflage. The demise of cash would I suggest is the ultimate goal of the puppet masters. Expect 2023 to see increased regulation in the Crypto arena following the Ponzi scheme FTF fiasco. How so many so called institutions got sucked in to this defies imagination. The 2022 stock market was unkind and brutal last year. It takes no prisoners so one must accept that some years one must take it on the chin. Last year I used a dividend income strategy using ex dividend dates to offset the significant market declines that occurred. This helped mitigate and offset market declines. Alas the portfolio saw a -27% decline for 2022. Disappointed as this may I have still yet to liquidate the losses so my initial objective for 2023 is to micro manage positions so as to look at normalisation. I expect to dispose of the poor performing shares when the time allows me to do so. My hope is that the beginning of 2023 allows one to at least manage positions. The road back from the depths of 2022 may be a challenging one but as with life I will the face the prospect with optimism. Historically a down year is followed by a strong year. The first week of 2023 may well set the scene to see if the year can start as it goes on or another year of disappointment. Only time will tell. Until next time.