STRATEGY FOR WEEK 27 November – US stocks closed mixed in a shortened session following the Thanksgiving break. The reading pointed to the biggest decline in operating conditions at manufacturing firms in three months, and restarted the period of contraction seen for much of the past year. The S&P 500 closed flat while the Nasdaq 100 dropped 0.3%, pressured by losses in mega-cap tech giants as markets continued to assess the latest corporate developments and economic data. The Dow benefited from having less exposure to tech stocks and edged slightly above the flat line to advance 1.3% on the week, posting its fourth consecutive weekly gain, the longest streak since April. The S&P Global US Manufacturing PMI fell to 49.4 in November 2023 from 50 in October, below forecasts of 49.8, preliminary estimates showed. In the US, the week will be dominated by the releases of PCE prices, personal income and spending, the ISM Manufacturing PMI, along with speeches from several Fed officials, including Chair Powell. The FTSE 100 edged up to 7488 on Friday 24 November, led by an over 1% gain in auto stocks after Nissan announced a £2 billion investment in its Sunderland site. On the monetary policy front, BoE's Pill warned that inflation remains persistently high, cautioning against prematurely declaring victory and emphasizing the need for continued vigilance. As one approach the end of the year, shares tend to rise strongly and the final trading week of November normally ends on a high. With earnings season on the recede attention will start to diverted to upcoming December with the month the most profitable. In years past the so called Santa rally has disappointed and one would need to consider the probability of another disappointing Santa season. Last weeks last chance saloon autumn statement was pure political theatre as tax cuts and stimulation being the main focus of the growth agenda. Yet I humbly suggest that too little too late. I have previously commented on policy lag implementation. Tax cuts planned for 2024 will conveniently coincide with the expected election. Yet the effects of such tax cuts will take time to filter through in any meaningful way to the economy so the expected benefits may not materialise as expected. The fact also that tax cuts have been made in preference to Government spending ignores the point that Government expenditure is committed where tax cuts rely on consumers actually spending the money suggesting that spending provides a greater multiplier effect. The full impact of the 2023 Autumn Statement can be found HERE. The growth agenda seem to suggest that the UK economy will take time to recover and a new batch of austerity on the cards. So again sector choice on share selection an important ingredient. The portfolio saw a -1.78% last week for week decline. The worse culprit being Virgin Money -12% with recent dividend purchase Highwoods Property -5% Long standing holds Arbor Realty -4% and Thungela Resources -1.4% continue to underperform. I have been more than patient with resource stocks DVN and Gas supplier EQT holdings but patience is running thin. Modine manufacturing is and has been the star performer with the portfolio alas relying on this cash cow to offset the poor performers. The adoption of a dividend income strategy has more than made up for the poor performers in the portfolio. I look to this coming month of December being the best performing month of the year as the catalyst for this 2023 to finish in the ascendency. This week will again be one of monitoring. Roll on December. Unitil Next Time.

STRATEGY FOR WEEK 20 November – Wall Street's major indexes finished slightly above the flat line on Friday 13th as investors continue to focus on the possibility that the Federal Reserve may be able to begin cutting interest rates. Considering the week, the three major US indexes booked gains for the third straight week as the Dow added 2%, the S&P 500 and the Nasdaq advanced 2.6% and 3%, respectively. In the US for the forthcoming week the main focus will be on FOMC meeting minutes followed by durable goods orders, S&P Global services, and manufacturing PMIs, along with existing and new home sales. The yield on the 10-year US Treasury note dropped below 4.4%, marking a two-month low as investors anticipate that Federal Reserve tightening may conclude, prompted by recent data indicating a slowdown in the US economy. Initial unemployment claims were well above expectations at nearly a three-month highs, while continuing claims jumped to their highest in two years In the UK FTSE 100 advanced by more than 1% to a one-month high of 7,500 on Friday 13th, marking a 1.9% increase for the week, buoyed by optimism stemming from easing inflation figures of 4.6%, which suggest that the Bank of England may halt interest rate hikes. Key takeaways that Goldman Sachs have stated re the outlook for 2024 and beyond may provide a guide for the early adopters of market sentiment including that a) Financial markets aren't expecting a recession in 2024 with the US more likely to have a soft landing b) that the UK economy, surprisingly resilient, will lag the US and EU. c) Given presidential and expected UK elections that Investors will turn bullish on equities d) The exponential growth of the AI boom will continue to influence stock selection. e) Despite the FED rhetoric interest rates may have likely reached their peak, and economic signals indicate a soft landing. The forthcoming week in the UK is one of importance with the highly anticipated Autumn statement which will give one the last chances for the incumbent Government to produce a rabbit out of the hat. Expected plenty of last chance saloon policy initiatives including changes to Inheritance tax rates (a reduction), Welfare Benefits restrictions and Business tax initiatives aimed at growth and ISA changes (the biggest for many a year. Suggestion that there will be a 'UK ISA' to stimulate investment in UK firms is also on the cards. Last week's dire growth projections for the UK suggest that the economy is still ambling along at a snail's pace and any likely effects of the suggested policy changes in the autumn statement will be aimed at headline grabbing pre-election notices, rather substantive due to the lagging efffects which would really only see an influential affect post election. Last week's stock market performance was indicative of a roller coaster. One day up the next day down. Yet despite the volatile nature, last week the portfolio again saw a week on week uplift with a +1.75% increase. I waited until IG had exceeded break even level and sold out for minimum capital gain together with having captured dividend income thereby ensuring a profitable trade overall. Stock price recovery post ex dividend will always be subject to investor sentiment. The day after selling IG, saw a significant drop thereby saving the loss which would have been incurred. With IG disposal proceeds I acquired another dividend income US share Highwoods Properties Inc which again will provide passive dividend income in December. Mobile Manufacturing Inc seems to have bounced back from after earnings price with a +9.6% increase with Technoglass +7%, Amphaster +4% showing promise. Downside Resource stocks Thungela, EQT and Devon energy continue to frustrate as normal with Arbor realty a waiting disposal. A dramatic selling disposal is on the horizon. This week I have defence stocks on my radar but will again be guided by market sentiment. Expect sparks to fly on Wednesday following the Autumn statement in the UK. Until Next Time.

STRATEGY FOR WEEK 13 November – Wall Street rallied last Friday [10 Nov], as Treasury yields stabilized and investors were digesting recent data and hawkish Fed comments. The S&P 500 rose 1.5%, touching its 7-week high and the Nasdaq jumped 2% while the Dow Jones popped 391 points. The University of Michigan consumer sentiment fell to six months low and significantly below forecasts. Fed Chair Powell set a more hawkish tone saying the Fed is prepared to raise interest rates further if necessary. The year so far has been a volatile one for investors. After rallying into the summer, the sell-off in stocks was swift and severe. This was a broad-based sell-off, but it acutely affected tech stocks. Even major US tech stocks have been far from magnificent in September and October. But tepid indications that the Federal Reserve may be done raising interest rates are causing bond yields to fall and stock prices to rally. Will the rally continue into 2024? It's possible, and that means it's time to look for the right opportunities. In the US, the most important release will be the October CPI. Consumer prices are seen rising 0.1% from September, which would mark the lowest reading in four months, largely due to a fall in gasoline prices In the upcoming week, the focus in the US will centre on the eagerly awaited inflation rate data, with retail sales and speeches by Fed officials also taking the spotlight. Standard & Poor's credit rating for the United States stands at AA+ with stable outlook. Fitch's credit rating for the United States was last reported at AA+ with stable outlook. DBRS' credit rating for the United States was last reported at AAA with stable outlook. The FTSE 100 index closed 1.3% lower at 7,359 last Friday, tracking the pessimism across European equity markets amid tighter financial conditions in the United States, while fresh GDP data showed an increasing impact of restrictive rates from the BoE. In the UK, the economic calendar includes key reports on inflation, unemployment, and retail sales. The annual inflation rate in the UK is anticipated to fall to a 2-year low of 4.8% from 6.7% in September. Last Week's manipulated figures suggest that the UK has avoided a technical recession. Yet the outlook is far from rosy with UK economic growth looking as far from the madding crowd to its economic counterparts. In contrast US economic growth and equities have outperformed and the dollar's global role remains unchallenged. But this outperformance has begun to show some cracks with US equities selling off over the past month. So how does one handle such a childish petulant market. Sector decisions may well be the solution. Finding appropriate trade ideas with confirmation will help finding a gem. As a case in point and not suggested as a recommendation one can consider defence stocks. Geo political conflicts have raised the profile of Defence stocks such as drone warfare which has found favour given geopolitical conflicts. Many of these stocks have been rallying in October 2023. In contrast to the continued impasse on energy stocks one must be kept on the ball for a sudden change in market sentiment. The portfolio had a large drawdown in October with a 5.5% decline. November has for the moment recovered by +2.90%. In my last comment I suggested that patience was to be my strategy. Since 1 November the stocks that have shown most promise has been Amphaster pharmaceuticals [+14%] , Modine Manufacturing +8% with the least promise being EQT Corporation -11% and Thungela Resources -6%. An Important ingredient is how the market perceives earnings. Amphaster exceeded earnings estimates and hence the stirling performance as opposed to Technoglass less than expected earnings performance. This year I have concentrated on a dividend income strategy rather than capital growth which has provided a 12.5% revenue income. This has helped offsetting the mundane stock portfolio general market performance. One need to adapt to a changing environment. A significant feature of November is that it marks the start of the strong six month period of the year [Nov – Apr] and bearing this in mind I will continue to carefully nurse the portfolio to at least come out a winner by year end. Until Next Time