


The UK stands by for Sunday's announcement

The Noise

- The Prime Minister is expected to deliver an address to the nation this Sunday to unveil how the government intends to unlock the UK economy. Speculation as to what Mr Johnson will announce has been dictating market movements as investors look for clarity on the path ahead.
- On Tuesday, President Trump announced that Americans should begin returning to their everyday lives, even if it leads to more sickness and death. There seems to be a growing consensus worldwide that such drastic lockdown measures are not sustainable, neither economically nor in terms of the lack of social freedom.
- Data Chancellor Rishi Sunak is preparing to wean businesses and workers off the government furlough scheme by cutting wage subsidies amid concerns that the nation has become “addicted” to the scheme. Furlough measures have been inordinately expensive for the government; every pound spent on supporting wages and consumption is one that cannot be invested into schools, hospitals or other infrastructure.

The Numbers

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The Nuance

Corporate Relative to recent movements, markets have been fairly stable through this short week. Data is frequently being published which paints a rather dire picture of the current state of global economic activity. The corresponding lack of volatility in asset prices only goes to show that markets have already looked through this data. These reports simply serve to confirm what we already knew: that economies have come to a standstill. As market participants now look to the future to inform investment decisions, we're starting to observe political sentiment driving markets, not economic data.

In the medium term, it's highly uncertain whether markets will continue to push higher as the

cogs of the real economy start to turn again, or whether some of the short term gains will unwind. The good news is that the range of outcomes is now better understood and hence market prices have moved to balance both the good and the bad scenarios. Our investment process focuses on making sensible decisions to preserve and grow wealth based on detailed analysis of the data at hand.

Valuations indicate that investors are looking through this crisis despite the long road to recovery, and so we maintain a balance in portfolios between defensive assets protecting us on the downside, growth stocks which benefit from longer term trends, and cyclical stocks with strong balance sheets to ensure our participation in the eventual recovery. This balance allows us to protect and grow wealth in a safe way, ensuring that portfolios can walk the path to recovery and prosperity while making the sensible decisions required to pack for the journey. The destination and long term prospects are attractive for those who have the right hiking shoes.

Quote of the week

"How old are you? You're five years old? Wow... where did you learn to drive a car?" California State Trooper Rick Morgan.

If the lockdown has started to give you cabin fever, this five-year old from Utah can certainly relate. After an argument with his mother, the boy decided to run away from home. Except he did so in an SUV. A trooper spotted the vehicle weaving on Interstate 15 at 30mph and decided to pull the car over, assuming that the driver was under the influence. In reality, he was simply struggling to reach the steering wheel. Once he was pulled over, the child told the trooper he had intended to drive to California to purchase a Lamborghini for himself after his mother had refused to buy him one. The current starting price for a new Lamborghini is a little over \$200,000. He had \$3.

Source: telegraph.co.uk