



ROGATE CAPITAL
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LIFE IS ALL ABOUT TIMING



As the global political landscape becomes clearer a period of stability should, says Richard Powell, help provide an environment in which investment returns could flourish.



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The summer equinox seems a long time ago now as we move into the second half of the year but with the passing of the months the global political situation is at least becoming clearer. At the beginning of the year the prospect of so many Government Elections in 2024 created uncertainty and as the months pass with the results confirmed we should move into a time of political stability (France aside!). Whatever our personal views on the results, the markets like stability and actively dislike instability so with a degree of certainty over governing politicians and therefore likely fiscal policy for the coming years we hope for a little less volatility in markets in the years to come. The last major Election is in the United States and this continues to provide major talking points, few of which we could have predicted! Either way, come the end of the year the Election will be over and there should be political stability in America for the following four years.

Greater focus on financial matters

The advantage of political stability is that it removes one area of “noise” around markets and we can apply greater focus on financial matters. Our own Election result did not, I suspect, come as any great surprise to you and it certainly did not surprise the markets; they had anticipated a thumping Labour victory and one was duly delivered. Markets like nothing better than to be proved right and were relaxed in the run up to the Election, through it and in the weeks afterwards. Due to the financial constraints in place and the stated desire to stick to manifesto promises we do not anticipate imminent change to our fiscal structure in the UK. So far our new Labour Chancellor has put forward many ideas that in decades past may have sat quite comfortably with a Conservative Chancellor! Time (and Angela Raynor) will tell if Labour are able to stick to their

promises and your fund managers will watch matters carefully but in the immediate term it does seem Labour’s view is that we didn’t start the fire but we will do our best to put it out. We have been saying for some time that the fiscal reality of the UK economy is that in the short term it doesn’t really matter who is in power as there isn’t a great deal of room for financial manoeuvre.

US economy moving ahead

There are similarities with the position in America. Life is all about timing and when Donald Trump was President he was inaugurated as the US economy was moving ahead and it is likely that whoever is the next US President will find themselves in a similar position. No doubt, as professional politicians, whoever is President will try and take credit for an improving US economy but the reality is that their individual impact is likely to be superficial. About the only good thing to come out of Liz Truss’ tenure as PM is the confirmation of markets’ reactions to defective economic mathematics and this has served as a warning shot to worldwide policymakers that wishful economics will not sit well with investment markets.

Looking for an increase in value

If we accept that the global economy is cyclical then we continue to move into a world of (slowly) falling inflation, reducing interest rates (most likely later in the year) and into 2025, greater political stability. This is often an environment your investments should enjoy and we are looking for an increase in values over the coming months to reflect this. Sadly, it is never all positive and we are mindful of the potential for downside; we have seen an uptick in missed payments for mortgages and credit cards, both in the UK and America and we have the worry of both state and terrorist military action. The former ➤



THE VALUE OF INVESTMENTS AND THE INCOME FROM THEM CAN FALL AS WELL AS RISE,
MEANING YOU COULD GET BACK LESS THAN ORIGINALLY INVESTED. THE MATERIAL CONTAINED IN
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- > can give rise to longer term concerns and the latter creates immediate volatility which is always unsettling.

A valiant England football team

I cannot finish without mentioning the valiant England football team who were, once again, so close to “bringing it home”. There is positive news even if football is nowhere on your radar (or England isn’t your team) as England’s progress will have provided a fillip to the UK economy. All those thrown plastic cups of beer and consumed pizzas have to be paid for and it is the movement of money through the system that generates economic growth. The additional growth may well register in the next round of GDP figures so even if the concept of kicking a bladder of air round a grassy field leaves you cold we do all have something to be thankful for!

**This article is the opinion of Richard Powell,
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