CLIENT UPDATE

KING FINANCIAL PLANNING
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Dear all,

I have been waiting for a while to write our latest client update. My hope has been that the horrible war in Ukraine would come to an end and we could start to rebuild some trust around the world, sadly that has not happened.

So at present things look pretty volatile from a market perspective. We have high inflation, the rising Covid cases in China, higher expected interest rates to come and of course the Ukraine war (no mention of Boris and his parties!).

Inflation is an area that is causing the most worries to markets and is not easy to solve. Normally governments put up interest rates to curb spending which brings falling prices as demand reduces (that's my simplistic explanation). However a large contributor to inflation is energy and food prices which to a large extent are beyond anything the government can do. There is still a high demand for goods and services at present, but the supply chain is still blocked and so is not as strong as it should be, bringing higher prices. If China shuts parts of the country down due to covid, then the supply issue just gets worse.

Despite all of this some markets have held up relatively well. For once that includes the UK with the FTSE 100 year-to-date (to the 27th April) only down 1%. This is not replicated around the world with the US market (S&P 500) down 12% and the Euro stocks 50 (largest 50 European stocks) down 14%.

The UK has benefited from the fact that its make up is these days fairly traditional, with the main stocks being in oil and gas, banks and pharmaceuticals. All of which have held up when other area such as technology have fallen quickly. Of course if you take a longer term view then UK still lags behind the US in particular.

Looking at other areas, we have seen the price of gold over the last three months increase by over 5% having come back a little from hitting over $2000 an ounce which is as high as it has been for nearly 2 years. UK property prices seem to be continuing to rise although it does seem that this is starting to slowdown. Finally as previously mentioned, it is highly likely that we will see interest rate rises especially in the US and then the UK. We could even see European Central Bank taking its corporate rate to positive territory for the first time since 2012. (You currently have to pay to put money on deposit if you're a large company in Europe.).

It has been quite difficult to write anything too inspiring at this moment with everything that is going on. My hope was that by June we would have been in a position where markets could grow once more. There is still a lot of money ready to be invested by large corporate's and individual investors which will at some point will move the markets forward. In the short-term we just have too remain patient and stay invested based on the levels of risk we are prepared to take. Trying to time markets as numerous studies have shown is a very dangerous game that doesn't work very often!

As ever if you have any queries please do not hesitate to contact me.

James