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| Escaping from Lockdown. How we doing? |

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(remember that?)   You may recall many of the big country institutions from the BBC, the CBI, Institute of Directors, Banks, economists even the bunch of ex-prime ministers right down to the staunch remainer in the pub, claiming it would be an absolute disaster for the country and the economy.    Now that we are coming out of lockdown, and with 70% of the UK adult population having had a jab, things are starting to get back to a sort of new normal, it’s a good time to ask, how is the country doing.  Besides, it is now 4 months since we left the EU so what sort of disaster has it caused.   Stock markets are always looking at least 6 to 12 months ahead in time so they are a pretty good barometer of the financial state of a country, and also good forecasters of the future.   So let’s take a look at some of the world’s stock markets and see how the world, and in particular the UK, is doing and forecasting how the future looks. | | | | | | | |  | | | | | | | |  |  | | --- | | image. | |  | | . **FT100 GRAPH**  Here is the FT100.  This is an index of the largest 100 UK companies   (Shell; BP; BAE; GSK; Rolls-Royce etc )  As you can see from the graph, the markets reacted pretty dramatically over the realisation that the country would be affected by the pandemic.  The FT100 Index fell from 7457 on the 19th February 2020 (the highest point) down to 4993 on the 23rd March (the lowest point).  That was a fall of 32% in the combined value of all those huge companies in a one month period.  The FT100 today stands at 7155 just 4.66% below the pre pandemic high.  However, the FT100 has struggled to recover its position compared to other major markets because the UK companies making up the FT100 have been affected by the uncertainty of the outcome of Brexit with a sort of “Sword of Damocles” hanging over it. | |  |  |  | | --- | | image. | |  | |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | |  | | --- | | **FT250 GRAPH**  The FT250 index is mainly made up of UK small companies, not affected by currency valuations, and not so affected by the Brexit uncertainty.   Here you can see that over the same period the FT250 fell by 41%, even more dramatic than the big company FT100 but today it is 3.84% above the pre pandemic high.  So, the Covid-19 caused dramatic falls in the both markets of 30% and 40% respectively, but both have now recovered to near or above the pandemic levels.    One interesting observation we can make is that neither market actually missed a heartbeat with the UK leaving the EU.  Strange that!  Maybe it wasn’t a bad thing after all.  The UK exporters have become accustomed to the new ways of working, the lorry queues at Dover have gone, and the level of exports to France is back up to pre-Brexit levels.  At the last count Liz Truss the International Business Minister, has signed up over 67 new international trade agreements so that we can now trade freely with the rest of world.  So, no disaster over Brexit then.  Appears to have been a good idea! | |  | |  |  |  | | --- | |  |  |  | | --- | | image. | |  | | |  | | --- | | **S&P500 GRAPH**  S&P 500  is the general index of the USA, still the largest economic market in the world.  Due to the Covid-19 pandemic, the S&P500 Index fell by 34% but has since recovered to being 24% higher than pre-pandemic levels.  This is due in part to the election of Joe Biden, seen as a good thing, and the benefit of him directing a $6 Trillion stimulus into the economy and directly into American’s pockets. | |  | | image. | |  | | |  |  |  | | --- | | NASDAQ GRAPH  The Nasdaq is the Index of the big American Tech companies, such Amazon, Microsolf, Google, Facebook, Apple and Netflix.  These companies have benefitted from the lockdowns and working from home syndromes.  Due to the Covid-19 pandemic the NASDAQ fell similarly 30% from its high, but as of today is now 38% above that high.     As you can see the stock markets of the world are doing very well, and looking ahead, all the news is very positive.  The prices of all raw materials are going up, because they are in great demand and that is a good sign for the future.  The world is slowly coming out of the pandemic mess and that is reflected in the performance of the international market indexes.  And this is therefore reflected in the increased value of our pensions and investments, and my personal view is that it will continue, with occasional bumps in the road, way into the future.  Stay Safe. It's still out there!  Ray Jenkins | |