

JUSTIN'S COMMENTARY

Justin Urquhart Stewart is one of the most recognisable and trusted market commentators on television, radio and in the press. Originally trained as a lawyer he has observed the retail market industry for 30 years whilst in corporate banking and stockbroking, and has developed a unique understanding of the market's roles and benefits for the private investor.



When Little is Large

Despite the best efforts of some of our media, the ability for that hardy legion, the smaller to medium sized UK businesses, to retain its poise has been remarkable. Despite the predictions of gloom, these smaller companies have in regular surveys continued to show a level of confidence that should have been a beacon to us all. However, as many public commentators prefer to look on the dark side, such reports and views seem rarely to be highlighted, let alone covered.

The latest figures would indicate that these companies will be looking to increase not just capital expenditure but employment as well - surely one of the most positive noises heard this year. According to GE Capital's latest survey, they claim that these UK little wonders are planning to spend over £50bn on capital expenditure over the next twelve months - or to put it another way, that is more than the government gets by way of corporation tax and more than we spend on the entire defence budget. This, by the way, is a rise of some 40% over the previous year and would average out around £51,000 of spending by each company.

By way of comparison, it seems that the German equivalent sector will make capital investments of over £139bn over the next year and that is up 42%. However, the German SME sector (that's 'small to medium sized enterprises', in case you were wondering) is considerably larger than ours and has been dutifully nurtured by both local state and federal governments over the years, whereas those in the UK have survived despite the lack of recognition by most politicians over the decades. Only now are we really seeing comments about structural funding issues being discussed by some politicians (a bank for smaller businesses and peer to peer ideas) and it took a banking collapse just to achieve that.

Then we have the question of job creation. You will no doubt be bored by my repetition of the 'new companies started last year' figure of 420,000, well that would obviously imply that there were at least 420,000 jobs linked to that number. However, just to be perverse, the number seems to have been around 377,000 jobs. Next year though, the survey of the SMEs indicates that they are expecting to recruit 525,000 and these apparently would be new full time positions.

If, despite my comments, your appetite for good news has not been satiated, then may proffer another 'wapher' from the Manufacturing Advisory Service who found that confidence levels amongst their SME members was not only at a 12 month high, but that two thirds expect to increase their sales over the next six months.

Can someone now change the headlines on the evening news broadcasts please?

Life's a Beach

We have been through Silicon Valley, Glen, Fen and even Roundabout, well now it's a Beach, or to be more precise Brighton Beach. It would seem that yet again the hub effect works. When you start to get a critical mass of enthusiasm, it seems to take on a life of its own. Brighton now appears to have a growth rate in its digital businesses 2.5 times higher than the national average.

So why here? After all, there are many centres round the UK with suitable universities and other educational establishments. Well it would seem that location and cultural appeal are relevant. Less than an hour by train from London and beyond the South Downs, this city makes for a refreshing change for those fed up with languishing in log-jammed London. However, infrastructure again is key and this may be a problem for the city as although they recently won a bid for government funding of £3.3m for ultra fast and wi-fi connections, the current structure appears to be creaking. Perhaps they could have used some Brighton 'pier to pier' lending - sorry that's truly dreadful.....

And finally...

...We can feel the pain of a fellow sufferer of Eurovision failure - we have sort of got used to it. However, the Germans have come up with another reason other than the possibility that their entrant just wasn't good enough. They lamented their unexpectedly poor showing at the Eurovision Song Contest, by blaming Chancellor Angela Merkel's tough stance in the euro zone crisis for their failure to win any points from 34 of the 39 countries voting.

"There's obviously a political situation to keep in mind - I don't want to say 'this was 18 points for Angela Merkel'," said Germany's ARD TV network co-ordinator Thomas Schreiber. "But we all have to be aware that it wasn't just Cascada up there on stage (being judged) but all of Germany."

Merkel is popular in Germany for her firm position during the euro zone crisis. But she's significantly less 'appreciated' in parts of Europe for her insistence on painful austerity measures in countries such as Greece, Spain and Italy in exchange for rescue packages.

"It's unexplainable," said ARD expert commentator Peter Urban on Sunday after Cascada singer Natalie Horler came in 21st even though German media had touted her as a favourite.

"Is it that people just don't like us?" Urban was asked on ZDF TV. "There's some truth to that," he said. Now, now, calm down. It really isn't that important.

Have a good week.

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