



MVAM
MOLE VALLEY
ASSET MANAGEMENT

Monthly Newsletter

'Can we see clearly now?'

October 2020



"In retrospect, the idea of a rain dance marathon wasn't such a good idea."

CartoonStock.com

Something sad happened on the 6th of October to add to a year where sadness seems to have been liberally spread around. Johnny Nash died. You may not be familiar with Mr Nash but he left us with some songs that pass the test of time like few others. His most popular song "I Can See Clearly Now" has inspired this article. He may have been a bit optimistic with his line "look all around there's nothing but blue skies" but it is difficult to read the lyrics to his song without thinking about the world as it is today.

At the moment we cannot "see clearly now". The "dark clouds" are still blinding us. They seem to be pushing us inexorably towards a state where the conditions of life are more extreme. A dystopian future of deprivation and oppression. We, the world's population, are anxious and worried.

Even here in the UK, one of the world's lucky countries, the "dark clouds" of Covid, Brexit and Trump seem to constantly beat us over the head. Since that referendum, some four plus years ago, it is difficult to recall a time when the UK was not headed into one calamity or another. Sure, Covid has replaced Brexit but that really is not the rest we needed. And the constant of Trump over most of that period bemuses, frustrates, and terrorises the mind. Leader of the "free" world!!

Such aggressive battles make it difficult to see and deal with all the real "obstacles in our way". But is that about to change? Is the rain about to go away? Think, in three short months Trump could be gone, Brexit done (although the real consequences yet to be felt) and vaccines and testing minimising the impact of the virus as 2021 progresses. All those "bad feelings disappeared".

This is what investors and markets are starting to focus on in the run up to the end of the year. Funnily, in the short term, it really does not matter what actually happens in 2021. For the stock market it is the expectation of what will happen that is important. So yes, it is raining hard now, we are in a thunderstorm. But maybe, just maybe, the rainbow we are "praying for" is about to appear. With such a scenario it will be hard to stop the stock market getting excited. The clouds of climate change, a belligerent China and increased poverty caused by this virus, will all still be there. But these clouds do not have the imminence of the three problems we have at the moment. They do not blind us as the current clouds do.

For Johnny Nash, the pain of this mortal coil has now gone. But the world will remember his songs. It would be a fitting epitaph if his best song provides the mood music for the world in the year after his death. If it does, 2021, could be a real "bright sunny day" for UK the stock market.

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