

## Market comment 1 November 2011 - a personal view of Brian Tora

This market is beginning to feel rather like a one trick pony show. It continues to be Europe that is driving investor sentiment, despite the fact that much is going on around the rest of the world. The UK, for example, seems set to be overtaken by Brazil in the economic tables, relegating us to seventh place. Still, learning that the Greek bailout deal could be derailed by their government insisting on a referendum did rather overshadow other news.

Last week an unexpected burst of agreement between Eurozone leaders saw markets surge ahead. Perhaps the worst could be avoided, seemed the overriding belief, notwithstanding the fact that what was assembled on the table fell short of best expectations. Realism returned to markets, with George Soros casting doubt on the sustainability of the proposals. But that was nothing compared to the carnage the Greek Prime Minister's statement caused

So we saw ourselves retracing our steps as the week commenced. And this despite encouraging numbers from Barclays and good performances from defensive shares, like Glaxo. The market remains fickle and doubts over Europe's ability to extract itself from its present predicament have been thrown into stark relief, clouding prospects.

We are seeing a trickle of statements from companies, giving us a flavour for corporate life at home. Financial concerns, like Legal & General, Old Mutual and RS & A, are in evidence, but they will be looking back. What should be occupying investors' thoughts right now is the future. Such economic statistics as have emerged have been generally favourable, with GDP growth better than expected and house prices recording their first gain for six months.

So it is to Europe we must look for direction in the immediate future. With the world population estimated to have topped 7 billion this week and news pouring out of the emerging nations demonstrating how swift the transfer of power is developing, it is hard to escape the conclusion that there are other issues of greater long term consequence to occupy our minds, but then when did markets ever look beyond the end of the week?

I am reminded of a conversation that took place early in my career. I was seeking a suitable government stock for a client and asked a colleague on the gilt edged desk for a good medium term prospect. I was told that short term was before lunch, medium term the afternoon and long term the following day. It feels a bit like that now.

*Brian Tora, who is a respected writer and broadcaster on investment issues, is a consultant to JM Finn & Co. Brian has enjoyed a long and distinguished career in the City. Any opinions expressed are his own and should not be construed as advice from JM Finn & Co.*

*A version of this article may appear elsewhere in the press.*