

09:28 12 Aug 2019

From Global Heroes to Rates Near Zero, Rock-Star Economies Flop

Your free daily email from Fuller Treacy Money

Comments of the Day

10 August 2019

Video commentary for August 9th 2019

Eoin Treacy's view

A link to today's video commentary is posted in the Subscriber's Area.

Some of the topics discussed include: Stock markets bounce, bonds pause, gold and silver remains firm, oil steadies, Renminbi stable high yield spreads expand.

Holidays

Eoin Treacy's view

I will be travelling to Guangzhou and Taiwan between August 5th and 19th. I don't anticipate any issues with posting a limited Comment of the Day and Subscriber's video but I may be posting at odd times because of the timezone. If subscriber's would like to submit copy of general interest to the Collective we will be happy to publish it over the coming couple of weeks.

Bridgewater's Ray Dalio Discusses the Impact of China's Growth on the World Economy

This is a fascinating interview where Ray Dalio discusses the merits of betting on China.

Price: £0.04

Market Cap: £3.3 m

Share Information

Code: ADA

Listing: AIM

52 week	High	Low
	5	1

Sector:

Website: www.adamsplc.co.uk

Company Synopsis:

In March 2013, Adams emerged following the restructuring and change of name from Carpathian Plc, formerly an AIM quoted property investment company. Fresh funding was sourced to enable Adams to continue as an AIM company with a view to making investments in the technology and life sciences sectors. Adams is traded in the ISDX Exchange HERE.

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Eoin Treacy's view

There are two very big questions we have to answer which are fundamental to the construction of a long-term portfolio. The first is does governance really mean anything? The second is how do you value private assets in a portfolio?

At this service we have long held that governance is everything. Is that still true? Ray Dalio appears to be agnostic on whether property rights, respect for minority shareholder interests, an independent judiciary and a free press are important. What I personally find particularly interesting is that the performance of China's stock market, during the decade where it has achieved the heights of its ambition has been dismal.

From Global Heroes to Rates Near Zero, Rock-Star Economies Flop

This article by Michael Heath for Bloomberg may be of interest to subscribers. Here is a section:

Australia and New Zealand now find themselves with just 1 percentage point of conventional monetary policy remaining. That's around the same level the Federal Reserve and Bank of England had when they turned to quantitative easing to support moribund demand following the 2008 financial crisis.

New Zealand's 50 basis point interest-rate cut Wednesday and Australia's back-to-back easing in June and July suggest both have joined the global race to the bottom. Policy makers across the world are looking for every bit of stimulus available and currency depreciation is an obvious one.

The kiwi dropped more than a U.S. cent after the RBNZ decision. RBA chief Philip Lowe would have enjoyed the spillover that sent his currency to the lowest level since 2009.

Lowe has noted the trouble with a global easing cycle is that the very nature of exchange rates means not everyone can enjoy the currency benefit usually associated with lower interest rates.

There seems little doubt that Australia and New Zealand's ascendancy is over and both are now right back in the global policy pack. It's a far cry from five years ago, when HSBC Plc's chief economist for Australia Paul Bloxham described New Zealand as a "rock-star economy" and his country's currency was still near parity with the U.S. dollar.

Eoin Treacy's view

Lopping 50 basis points off of interest rates is a big move, particularly when it was not especially expected by markets. Considering how much New Zealand's economy depends on China it probably says more about waning Chinese demand than the internal dynamics of domestic economy. The New Zealand Dollar is back testing the region of the lows for the year and will need bounce in a dynamic manner if demand is return to dominance beyond short-term steadying.

As Shale Drillers Stumble, Big Oil Says It Can Do Permian Better

This article by Rachel Adams-Heard for Bloomberg may be of interest to subscribers. Here is a section:

Concho Resources Inc., long considered one of the Permian's premier operators, was forced to scale back activity after drilling almost two dozen wells too closely together. That move by the Midland, Texas-based producer spooked investors across the industry, with Evercore ISI predicting the "carnage" would have a lasting impact.

Concho's problem with well spacing highlights the challenges of fracking so-called child wells: Too close to the "parent," and output is less prolific; too far apart, and companies risk leaving oil in the ground.

Exxon and Chevron say they aren't as exposed to those problems. Because of their size relative to smaller independent producers, the oil giants are able to lock up acreage, giving them room to be more conservative in their well spacing.

Eoin Treacy's view

The lower for longer nature of oil pricing over the last few years and probably for the foreseeable future suggests smaller independent oil drillers and producers need to concentrate a lot more on containing costs. That suggests there is scope for consolidation within the Permian where the larger better capitalised companies are likely to have an advantage.

Eoin's personal portfolio: crypto long increased July 15th 2019

Eoin Treacy's view

One of the most commonly asked questions by subscribers is how to find details of my open traders. In an effort to make it easier I will simply repost the latest summary daily until there is a change. I'll change the title to the date of publication of new details so you will know when the information was provided.

2019: The 50th year of The Chart Seminar

Eoin Treacy's view

The London Philharmonic Orchestra is holding a concert in David's memory on October 5th October at the Royal Festival Hall. There is a reception between 5.30 and 6.45 in the Foyle Pavilion, Level 3, Green Side and subscribers are well to join David's family there for light refreshments. Following the reception, we will move to the Beecham Bar, Blue Side, Level 5 for a short talk by Tim Walker, Chairman of the LPO.

If you wish to attend the concert as well, which includes a performance of Elgar's Cello Concerto by the Young Musician of the Year, it begins at 7.30 and you may book tickets (£67) by telephone on 020 7840 4242 quoting the code Fuller Concert.

Since this is the 50th year of The Chart Seminar we will be conducting the event on October 3rd and 4th to coincide with the memorial on the Saturday.

In the meantime, if you have any questions, would like to attend, or have a suggestion for another venue please feel to reach out to Sarah at sarah@fullertreacymoney.com.

The full rate for The Chart Seminar is £1799 + VAT. (Please note US, Australian and Asian delegates, as non-EU residents are not liable for VAT). Annual subscribers are offered a discounted rate of £850. Anyone booking more than one place can also avail of the £850 rate for the second and subsequent delegates.

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