

## Market comment 9<sup>th</sup> April 2013 - a personal view of Brian Tora

While the death of Baroness Thatcher was never likely to move markets, it seems churlish to allow her passing to go unremarked. She was, after all, the architect of deregulation in the financial sector, removing restrictions on foreign currency transactions and investing abroad and opening the closed club of the City to outsiders, many from overseas. Her legacy has not been without its upsets, but has overall proved beneficial. We may not see her like again.

As it happens, our domestic market got off to a good start the week of her death, in contrast to the previous week which had seen the FTSE drift back to around 6250. This took it to nearly 300 points below the level achieved earlier this year. Our ability to shrug off problems, such as continuing rumblings in Europe, seems both remarkable and encouraging, though plenty remains on the sidelines potentially to unsettle investors.

In Greece, some bank shares fell by around a third as a proposed merger between two of the largest banks there hit problems. And the decision of Portugal's constitutional court to block proposed austerity measures further added to the confusion. The issue here is planned cuts to state workers' salaries which would provide a fair chunk of the savings required for the rescue package. But the court considers the move "unconstitutional".

Given that another creation of the Thatcher years was the emergence of the consumer society in this country, it is interesting that recent news has been dominated by outpourings from the retail sector. The cold weather has inevitably left its mark on our shopping

habits, with retail sales growing more slowly in March than the previous month, despite the boost from an early Easter. And shortly we will see interim results from WH Smith and a trading update from Marks & Spencer.

The figures from WH Smith will be the final ones presented by outgoing chief executive, Kate Swann. She leaves behind a tightly run business where costs have been closely controlled, allowing it to flourish when many of its rivals have fallen by the wayside. Her ten year tenure leaves the company in good shape and sets a tough challenge for whoever follows her. The same cannot be said for many retail groups.

Marks & Spencer's trading update, for example, is unlikely to be so upbeat. All the signs are that while food has continued to make ground, clothing is very much in the doldrums. From being the place where women bought their underwear and men their socks, it is arguably now better known as the home of the meal for two – with wine – at just £10. How things change. Doubtless consumer trends will continue to change, but for the time being the market feels remarkably settled.

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