

Market comment 14th April 2015 - Bid boosts shares

The market seems to be taking the continuing focus on how the country might be run after next month's general election in relatively good heart. Perhaps the message is that it doesn't really matter who lives in No 10 because the policies are bound to be pretty similar, given the constraints placed upon economic management by the ongoing deficit problem. Not that the manifestos give any indication that the politicians are being realistic and not making promises to garner votes.

However, I have to marvel at how the uncertainties of this, the most unpredictable election in living memory, have been shrugged aside by investors. With the Footsie close to an all time high, it seems as though there is little cushion available should the outcome in May prove not to be to the taste of investors. Any minority government will add a touch of uncertainty, particularly if the prime minister changes.

Of course, if there is one event guaranteed to reinforce confidence, it is the return of the mega bid. Shell's agreed takeover of BG has highlighted the possibilities of further consolidation in the energy sector as the effects of lower oil prices start to bite. With China announcing a further drop in annual growth – admittedly to a still impressive 7.1% - and with still more shale oil deposits coming on stream, a positive rebalancing of supply and demand may be a while away yet.

With oil and energy an important component of the FTSE 100 Share Index, the boost this bid has given to the sector has helped keep our benchmark index on a positive footing. As it happens there is little in the way of either corporate news or economic data due out this week, so unexpected events aside, perhaps we can look forward to a quieter period. It still

seems likely that the election will create a greater influence on sentiment the closer it approaches.

But with the runners and riders for the next Presidential elections in the US starting to stake their claims and continuing concern over what might happen in the European single currency zone, perhaps the UK has something going for it in the form of relative stability. Whether we will still be able to lay claim to this after May 7th is anybody's guess, though.

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