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MoneyWeek

MAKE IT, KEEP IT, SPEND IT

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US and Iran square up

What it means for markets

Page 4

BRITAIN'S BEST-SELLING FINANCIAL MAGAZINE

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Britain's best-selling financial magazine

From the executive editor...

It's the start of another year and once again politics looms large in the minds of investors. At this point in 2019, it was "hard Brexit" (not to mention the spectre of a Jeremy Corbyn-led Labour government). This year, it's an escalation in the temperature of the conflict between Iran and the US. We look at what the latter could mean for markets and investors on page 4 (we also look at the political fallout on page 13 and delve into the workings of Iran's economy on page 16).

It's worth remembering that geopolitics often doesn't have the market impact that people fear. It's easy to over-react, particularly when headline-writers have an incentive to grab our attention by being as aggressive as possible. Last year's big concern is a case in point – for all of the hysterical columns that talked about "cliff edges" and imminent recessions, following the election of Boris Johnson last month we no longer need to worry about a Corbyn government and we should be heading for a relatively smooth Brexit (although there'll be plenty of overhyped ups and downs throughout the process).

Similarly, there have been tensions in the Middle East for as long as I can remember. The latest bout is hardly something to shrug off, but nor is it the worst, not by a long way. It's quite possible that by the end of this year we'll all have forgotten all about Iran. Remember when we were all worrying about North Korea in late 2017? At the time, that was going to turn into World War III as well.

Oil: one to watch this year

©iStockphotos

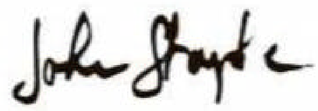
"It's quite possible that by the end of 2020 we'll have forgotten Iran. Remember North Korea?"

However, the reaction to such incidents can be useful in terms of what it suggests about the market mood. This, I think, is where the real significance lies. Investors have been keen to shrug off the conflict, sending US stocks higher after an initial dip and continuing to act as if oil prices will remain capped by US shale production and frail economic growth. This is where I think they are too complacent, particularly on the latter point. Markets seem to believe we've already hit "peak oil demand". Yet for all that the environment and climate change will increasingly provide interesting investment opportunities (see page 24 for Max's take on one such investment), I'm pretty sure we'll need fossil fuels for a while yet. Oil prices are one of the main things I'll be keeping an eye on this year.

Tips for 2020 and zen investing

Elsewhere in this week's magazine we have our usual roundup of the share tipsters' New Year picks. As with any tips, you should view these as a starting point for further research rather than racing straight to your broker. I personally like the look of some of the stocks in the Daily Mail's UK-heavy portfolio. See what you think on pages 8 and 9.

And if you are already failing in your New Year's resolutions to be a more positive, centred human being, turn to page 20 and revel in the bracing dose of cynicism Jonathan has in store, as he looks askance at the faddish rise of the "happiness twins" – mindfulness and wellness. I've got nothing against the odd bit of meditation, but I agree with Jonathan when he suggests that, as an investor, you should focus on companies that are making genuine medical advances, rather than dressing up old business models with New Age-style flimflam (a prime example being last year's trendiest company, WeWork). Jonathan suggests six healthcare-related investments on page 22.



John Stepek
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Tax break of the week

©Alamy

Wealthy Norwegians are being lured to Norway's frozen north with the promise of tax cuts, reports The Sunday Times. Norwegians normally pay a 0.85% wealth tax on their assets around the world, but those who move to Bo – which is far above the Arctic Circle – will pay 0.35% from next year. Sture Pedersen, head of Bo's local council, said: "We have the northern lights and... beautiful nature, but it's not enough. We're losing people every year. So... we're lowering the wealth tax so that we can become a business-friendly region". Tax lawyer Martin Wikborg is unconvinced: "Bo is a northern and remote municipality with long, cold and dark winters, and you must actually live there to obtain the favourable tax treatment... it does not compete with London".

Cover illustration: HHoward McWilliam. Photos: Aston Martin; iStockphotos; Sotheby's

Good week for:

Fortnite was the highest-earning video game of 2019, despite a 25% fall in revenue from 2018. The first-person-shooter brought in $1.8bn. The total revenue of "free to play" games – which make money by selling in-game items to players – rose by 6% to $87.1bn, says Digital Trends.

Scottish singer **Lewis Capaldi** (pictured) was the UK's biggest-selling musician of 2019, reports the BBC. His single *Someone You Love* was streamed (played online) 228 million times and his album sold 640,000 copies across all formats, with 250,000 physical copies – either CD or vinyl – sold. The UK charts are now calculated as a combination of streaming, downloading and physical sales, with 600 streams being equivalent to one download.

©Getty Images

Bad week for:

A **superstitious Chinese** man who was taking his first trip by air has been ordered to pay £13,000 to budget airline Lucky Air after his pre-flight ritual damaged the plane, reports the BBC. While boarding, the 28-year-old threw a few one-yuan coins as good-luck offerings into the plane's engine. The airline had to offload all passengers and ground the plane for safety checks.

Audit firm **RSM**, whose clients include Sports Direct, announced that it had mis-stated its own figures by almost £10m over 2017 and 2018, reports the Daily Telegraph. CEO David Gwilliam, Chief Finance Officer Nigel Tristem and Chief Operating Officer Robert Ros have all stepped down.

Threat of war shakes the world

America's assassination of a key figure in the Iranian regime has jolted bullish investors out of their complacency. Could we now be facing an oil spike and a global crash?

Alex Rankine
Markets editor

It took just three days of 2020 for optimistic financial markets to run into "harsh reality", says The Financial Times. Equities had made impressive gains in 2019, with the US S&P 500 index rising by more than a quarter and Britain's FTSE 100 climbing by 12%. Investors were looking forward to more.

But America's assassination of Qasem Soleimani, a key Iranian general, prompted "a reassessment of risk" and sent investors scurrying into safe-haven assets. After Iran's retaliatory strike on US airbases in Iraq on Wednesday there were growing fears that a series of tit-for-tat strikes could spin out of control, ultimately causing a war between Washington and Tehran.

Markets reassess the outlook

Oil prices rose 4% following the US attack, eclipsing $70 per barrel on Monday before falling back; a 1.5% bounce, which also soon subsided, followed Iran's retaliation. At $70.73, Brent crude rose to its highest level since September, when a drone attack on a major Saudi oil facility at Abqaiq temporarily knocked out 5% of global supply. Yet that spike proved short lived and prices are still below their 2019 high of $74.5 per barrel. So what will happen this time?

Will oil hit $150 a barrel?

Middle Eastern turbulence would endanger at least a quarter of the world's 100 million barrels per day of oil production, says Avi Salzman in Barron's. Saudi Arabia and Iraq, the region's two biggest producers, pump about 15 million barrels per day between them.

Even more importantly, more than one-fifth of global oil moves through the Strait of Hormuz, a key shipping lane that is right next to Iran. The closure of the strait could see oil prices leap by $20 per barrel.

The doom-mongers are right to worry, says Caroline Bain of Capital Economics. Previous episodes of oil-supply disruption, which include the 1970s oil embargo, the 1990 Iraqi invasion of Kuwait and the 2011 Arab Spring, show that prices can quickly "double or triple" in response to serious geopolitical shocks. Prolonged tensions in the Strait of Hormuz could see the price of Brent double, leading it towards an eye-watering $150 per barrel.

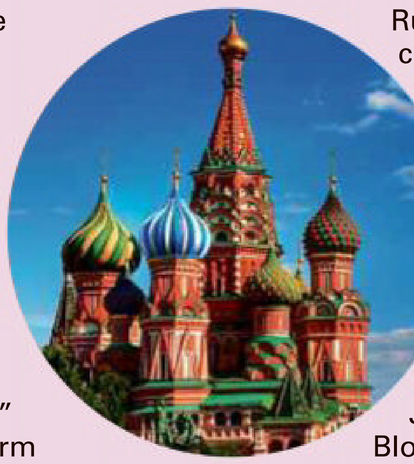
Such a spike would wreak economic havoc. The 1970s oil shock "tipped the world into recession and triggered a bout of inflation that took nearly eight years to tame", says Russ Mould of AJ Bell. Oil shocks act like a tax increase, reducing purchasing power and choking off demand. "On six of the last eight occasions when oil prices have risen by more than 100% year-on-year" the global economy has slowed, or even shrunk. If the Iranians blockade the Strait of Hormuz then we are in trouble, agrees Jeremy Warner in The Sunday Telegraph. Surging oil prices would tip the world economy into recession.

Qasem Soleimani: a key general in the Iranian regime

Russia: a safe haven from the turmoil?

Russia decried the killing of Soleimani, but Moscow could prove a key winner from the fallout, says Robyn Dixon in The Washington Post. Higher oil prices would be a boon for the country's energy sector. Russia is the world's second-biggest oil exporter and the top exporter of natural gas.

"Bad news for oil consumers is good news for emerging market producers such as Russia," says Lex in the Financial Times. The country is already "something of a comeback kid among emerging markets". The stockmarket rose by 39% last year. Stocks in energy companies, which make up over half of the market's capitalisation, delivered double-digit returns in 2019. But valuations remain cheap: UBS is forecasting a "hefty 14% dividend yield" from energy firm Lukoil. That said, concern about climate change is feeding a growing aversion to energy firms among portfolio managers. That should "continue to keep a lid on energy stock prices".



Russia has agreed to curb its oil output by about 300,000 barrels per day from an October 2018 baseline as part of a joint effort with Opec nations to prop up oil prices, say Dina Khrennikova and Jake Rudnitsky on Bloomberg. Yet the country overshot its quota in nine of the 12 months last year, drawing complaints from allies. Indeed, Russian crude oil and condensate output actually hit a post-Soviet high last year. If Russia scraps the "Opec+" deal altogether it could unleash spare production capacity of as much as 500,000 barrels per day onto the market.

On a cyclically-adjusted price/earnings ratio of 7.8 the Russian market is among the world's cheapest major indices, but with good reason. The country's poor record on property rights and the rule of law means that assets are at constant risk of expropriation if a company's management upsets the wrong people. Russia "rarely looks like a safe haven", as Lex puts it, but with "US missiles streaking across Middle Eastern skies" perhaps this "is one of those times".

©Alamy

The oil market has changed…

The latest oil-price surge looks like "a rather 1970s reaction", Paul Donovan of UBS Global Wealth Management told The Guardian's Jill Ambrose. But it is "perhaps not appropriate for 2020", given the weak global growth outlook and structural oversupply.

Oil cartel Opec "used to produce half the world's oil, but now makes less than a third of it", Alan Gelder of Wood Mackenzie told Nell Mackenzie on the BBC. During the 1990 Gulf War "oil came from two places": Opec states or "expensive and risky" fields in places such as the North Sea. Yet the fracking revolution means that finding hydrocarbons and getting them out of the ground has never been easier, particularly in North America. When prices jump the frackers are happy to start pumping. That keeps a lid on prices. Globally, "there is a glut of oil".

… and so has the world economy

Greater energy efficiency also means that Western economies are less dependent on fuel than in the past, notes Robin Pagnamenta for The Daily Telegraph. In the 1970s, energy accounted for 8% of US household consumption, today that figure is just 2.5%. That should reduce the economic impact of petrol-price spikes.

The post-Soleimani oil-price surge was a "knee-jerk response" conditioned by "decades of headlines" about Middle Eastern oil, says Spencer Jakab in The Wall Street Journal. It is not a given that a regional conflagration would mean higher prices in 2020.

Iranian retaliation in the form of cyber or terror attacks could actually reduce energy demand by hitting the global travel industry. Sanctions on Iranian oil exports also mean that Tehran has little to gain from surging prices. Most importantly, these days the US is a "net exporter of crude oil", leaving the world's indispensable economy less exposed to an oil-price shock than in the past.

An economic cloud on the horizon

A combination of central bank monetary easing and calmer US-China trade relations had convinced many traders that 2020 would be a good year. Yet the worsening US-Iran picture "has pushed geopolitical risk back up the list of things to worry about in 2020", says Michael Pearce of Capital Economics.

The Trump factor

Donald Trump's decision not to respond to September's Abqaiq attack meant that analysts thought they had the measure of the White House's Middle East strategy, says the FT. His unexpected decision to kill Soleimani is a reminder that the mercurial US president remains "one of the biggest unknowns for investors". The strike on the general "calls for a serious increase of the geopolitical risk premium", says Olivier Jakob of consultancy Petromatrix.

Clearer heads may yet prevail, says Tom Holland of Gavekal Research. For all the "blood-curdling" rhetoric pouring out of Washington and Tehran, the odds of "an all-out shooting war" are still small.

Fearful of becoming embroiled in another Middle Eastern quagmire, the White House regards the assassination of Soleimani as an extension of its existing strategy of squeezing Iranian regional influence, not a prelude to outright conflict.

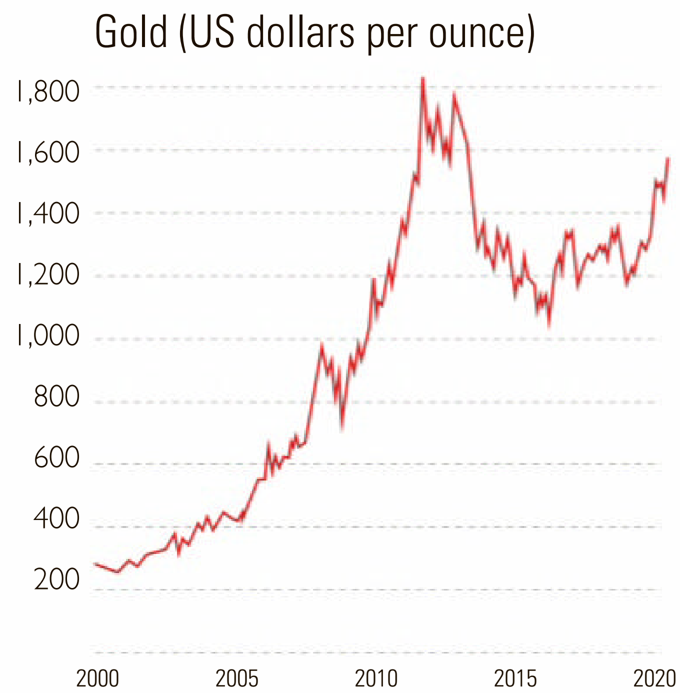
For its part, Tehran knows that "it would surely lose" a full-scale war with the US and its regional allies. In short, "both sides have powerful incentives to avoid open conflict" and minimise further escalation.

Note that Tehran's retaliation so far has been "moderate" in the context of the "blood-curdling threats" we heard shortly after the US strike. Markets are right to price in an "elevated risk premium" in the wake of Soleimani's death. Yet "the magnitude and persistence of that premium is likely to prove limited". Expect oil prices to remain capped below $75 per barrel for the time being.

Golden days for the yellow metal

"These are golden days for gold," writes Arthur Sullivan for Deutsche Welle. Renewed global uncertainty helped the yellow metal to a seven-year high this week in dollar terms, with the price climbing to around $1,600 an ounce. In sterling terms, that is more than £1,195 per ounce. Gold gained 20% in dollar terms last year. Geopolitical risks make this traditional safe haven look appealing, while macroeconomic factors also bode well for the yellow metal, says Elliot Smith on CNBC. Persistently negative interest rates on major government bonds have reduced the opportunity cost of holding gold, an asset that also pays no income.

The price is also likely to be supported by ongoing central bank purchases, as the likes of Turkey, Russia and China look to reduce their reliance on the US dollar by holding more of their reserves in gold. Those three countries bought almost 120 tonnes of the precious metal during the third quarter of last year alone, reports Sullivan. Gold is also a way to protect yourself against the risk that central banks get too eager to turn on the printing presses and lose control of inflation. Analyst John Mauldin, who predicts a "great reset" over the coming decade as government debt obligations come due, advises investors slowly to increase "your allocation to physical gold" as a form of "central bank insurance". MoneyWeek has long advocated holding 5%-10% of your portfolio in gold as a form of insurance. Consider topping up with the **ETFS Physical Gold exchange-traded fund (LSE: PHAU).**



Source: Societe Generale

The least-bad option in bonds

Emerging-market debt looks the least overpriced part of the bond market, but the return may not justify the risk

Cris Sholto Heaton
Investment columnist

Last year brought solid capital gains for stocks, but no relief for anybody who'd prefer to earn a decent, steady income. Interest rates on savings continue to dwindle. Yields on the safest government bonds around the world vanished: by August, all German government bonds traded on negative yields. And high-yield bonds continued to make a mockery of their name; in one – admittedly exceptional – example in May, the Japanese consumer lender Aiful sold a bond that pays just 0.99%. After a decade of low rates, there is no asset class that pays a fixed income and looks attractive – but perhaps emerging-market (EM) bonds look the least overpriced.

The currency choice

EM bonds come in two types. Hard-currency bonds are those denominated in a reliable foreign currency – most commonly US dollars. Local-currency bonds are in the issuer's own currency. This difference is crucial to understanding the risks.

Owning hard-currency bonds gives a foreign investor more certainty about how much their income and capital will be worth in their domestic currency. However, EM borrowers are more likely to default on hard-currency bonds in a crisis, because it will be more difficult to repay them if their own currency is plummeting in value. They are less likely to default on local-currency bonds, but foreign investors may still suffer losses in terms of their domestic currency – which is what really matters to them – if the borrower's currency gets weaker. And if the borrower defaults, investors get whacked twice – by the default and by the plummeting currency.

Japan's Aiful: redefining what "high yield" means

Returns that can't be repeated

EM debt has only been a mainstream investment since the 1990s at most. Returns over that time have been volatile, with several crises, but hard-currency bonds averaged around 9% per year over the long term. However, 30 years ago investors could buy EM debt with very high yields compared with safer bonds. Today, both hard-currency and local-currency bonds still look better value than US Treasuries, reckon analysts at asset manager GMO – but by a smaller margin than back then. Or as a specific example, take the New Capital Wealthy Nations Bond Fund, which recently reached its ten-year anniversary. It yields 3.5% from a portfolio where 70% of bonds are rated A or higher (compared with 3% for US BBB corporate bonds). When we first wrote about it in MoneyWeek, the yield was twice that amount.

"Hard-currency EM bonds averaged around 9% per year"

So make no mistake: returns from EM debt cannot be as high as they were last decade. For those who need higher yields, this may be the least-bad choice – but it's easy to see why a star manager is now becoming cautious (see right).

I wish I knew what credit ratings were, but I'm too embarrassed to ask

When a company, government or other organisation wants to borrow money by issuing bonds, their bonds will usually be assigned a credit rating. This gives the investor an idea of how likely they are to get their money back on time and in full.

These ratings are issued by credit-rating agencies such as Standard & Poor's, Moody's and Fitch. When determining a rating, the agency will look at several factors that may influence the likelihood of the bond being repaid. These include the profitability of the issuer, its past credit record and any assets the debt might be secured against (if a debt is secured against property that can be seized and sold, then it's likely to be safer than a debt with no collateral). For bonds issued by countries, factors include the strength and weaknesses of the economy, the current level of debt, the soundness of fiscal and monetary policies and the quality of institutions.

Ratings run from AAA (or Aaa on Moody's scale) for ultra-low-risk bonds – issued by a small number of wealthy major economies, very high-quality institutions and blue-chip companies – down to D (or C on Moody's scale) for those that have failed to make an interest or capital payment on time and are therefore already in default.

Bonds with ratings equal to or above BBB- (or Baa3 on Moody's scale) are referred to as investment grade, while those with lower ratings are known as sub-investment grade, speculative grade, high yield or junk bonds (depending on how positive you want to sound).

Bonds that are cut from investment grade to junk are known as fallen angels. Many funds are only allowed to hold investment-grade bonds and may be forced to sell in these circumstances. This can easily push the price of new fallen angels below what might be justified by their fundamentals. For this reason, fallen angels have had higher average long-term returns than any other grade of corporate bonds.

Guru watch

Michael Hasenstab, portfolio manager, Franklin Templeton

Michael Hasenstab made his name as one of "Wall Street's most intrepid bond investors" with "large profitable bets in risky countries", says Matt Wirz in The Wall Street Journal. The government-bond funds he runs at Franklin Templeton grew to almost $200bn in assets under management, following a strategy of "concentrating investments in a handful of countries that he surmised would offer the highest returns without defaulting". But his approach "backfired badly" last year; in August, his funds lost

$1.8bn in a single day on an investment in Argentine peso-denominated bonds after the embattled then-president Mauricio Macri announced that the country would default and the currency collapsed by 30% against the dollar.

Since then, a chastened Hasenstab has become more defensive. He increased investments in safe-haven assets, says Sam Benstead on Citywire, including those in Japanese yen (which offer little yield), Norwegian kroner and Swedish kronor. That reflects growing concerns about the outlook for 2020.

"Global investors are facing extraordinary economic, political and financial market conditions that risk sending the world into a perilous period," says Hasenstab in a recent commentary. Some higher-yielding local-currency bonds still look attractive – holdings in the Templeton Emerging Markets Bond Fund include Brazil, Mexico, India and Indonesia – but "we have become much more cautious on the broad outlook for emerging markets as a whole".

Ex-Nissan boss flees Japan

Japanese prosecutors are outwardly furious that former Nissan boss Carlos Ghosn (pictured), who was awaiting trial on charges of financial misconduct, "skipped a $9m bail bond and popped up in Lebanon", says Pete Sweeney for Breakingviews.

But privately they are likely to celebrate that Ghosn's escape brings to an end "a mutually embarrassing diplomatic affair". The case has "stung" diplomatic relations between Japan and France, which see both Nissan and Renault "as important components of industrial strategy". With Ghosn out of reach of Japan's authorities the controversy can now be put to rest, and everyone "can get back to work".

Before his arrest Ghosn "was chairman of the world's second-biggest carmaker – the Renault-Nissan-Mitsubishi alliance – and had helped rescue Nissan from failure in 1999",

says Jasper Jolly in The Guardian. Without him holding things together, can the alliance survive the move away from the internal combustion engine? The companies are already wary "of further integration that could lessen their control". Ghosn claims his arrest was "a Nissan conspiracy" to stop a full merger with Renault.

If the Ghosn prosecution was supposed to secure Nissan's independence, it is backfiring badly, since the Japanese car firm is now in dire straits, says Lex in the Financial Times. Profitability "at a decade low" and Nissan has cut its operating profit forecast by more than 50%. Even in Japan, Nissan's margins are falling, while it is unlikely to have positive free cash flow before March 2022. "Unless the partners fully consummate their relationship", the denouement for Nissan's three-way alliance may be as "messy" as Ghosn's trial.

©Getty Images

How the tipsters fared in 2019

Share tips for the year ending...	2016	2017	2018	2019
Investors Chronicle	7.79%	-3.21%	-10.20%	37%
Money Observer	4.26%	18.16%	-17.50%	33%
The Sunday Times	26.06%	12.17%	-20.10%	30.80%
Barron's	2.53%	26.16%	-2.20%	24.60%
Shares	15.94%	12.41%	-6.40%	23%
Daily Mail	-9.44%	20.29%	-18.30%	17%
Evening Standard	N/A	45.50%	0.87%	15%
The Guardian	-13.49%	-6.22%	-27.70%	12.60%
The Daily Telegraph	-2.21%	21.53%	-13.40%	9.60%
The Independent	12.53%	6.13%	-26.30%	6.10%
FTSE 100	14.43%	7.10%	-12.50%	12%
FTSE 250	3.71%	14.01%	-16%	25%

2019 brought a welcome return to profitability for the media's share tipsters. With indices in the UK and overseas roaring back to life even the worst performer (The Independent, whose 6.10% gain earned it the wooden spoon this time) managed to do better than the top-performing portfolio in the previous year.

The Evening Standard had topped the table for two years running and was the only publication not to lose money in 2018. This year it fell back to the middle of the pack with a 15% average gain, including dividends.

That is a creditable performance when you consider that the portfolio was dragged down by Thomas Cook. The ill-starred travel group went bust in September. That rotten tip was apparently the work of "an ex-member of staff… Shame on him". The paper's best advice was to buy investment platform AJ Bell, which returned 77%.

The new champion

The new share-tipping champion is the Investors Chronicle, whose eight tips produced an average total return of 37%. The publication credits its success to the market's hunger for "quality" businesses last year. Its best advice was to buy the London Stock Exchange Group, which returned 82% in a year marked by major activity on the mergers & acquisitions front. Its worst tip was BT, which lost investors 8.4%.

This year's runner-up was Money Observer, whose twin "value" and "speculative" portfolios returned a combined average of 33% last year. Car-testing equipment maker AB Dynamics brought investors joy with a 79% return, while highly-rated Fever Tree lost 9% as it struggled to live up to bullish expectations.

The Sunday Times did the best of the newspaper tipsters with its 2019 selection returning 30.8%. That was thanks in no small part to Warhammer miniatures seller Games Workshop, whose 102.5% gain proves that "there is still life in retail if you know your customers and get the products right". The gold price advanced in 2019 but investors who followed the newspaper's suggestion to buy Fresnillo were left unrewarded – the Mexican miner shed 30.2%. US publication Barron's secured a creditable fourth place, with a bet on Apple returning 66.5%. Still, the portfolio's 24.6% gain looks less impressive when you consider that it barely outperformed the S&P 500, which returned 24.3% last year.

Thomas Cook's demise also played a role in Shares magazine's 23% portfolio gain. Its suggestion to buy travel retailer On The Beach (OTB) appeared misguided after a profit warning in August. Yet Thomas Cook's collapse in September brought a "once-in-a-lifetime opportunity to chase new market share", helping OTB to bounce back and finish the year with a 31.4% gain. Turnaround story Next delivered a stonking 75.8% total return last year. The Daily Mail's position in the middle of the pack hides a particularly wide variation in returns. A punt on outsourcer Serco ended the year 70% in the money but Aim-listed Regal Petroleum dragged down the wider portfolio with a 59% loss.

Long-time readers will not be surprised to find The Independent and The Guardian in the bottom three once again. Readers who followed the latter's advice to buy Burford Capital ended the year 57% underwater. The Independent's tip to buy packaging maker DS Smith returned 29%, but NMC Healthcare's 36% loss dragged down the Indy's overall performance. As we went to press neither publication had produced a 2020 portfolio.

The Daily Telegraph rounds out the terrible trio after what the paper describes as "not a vintage year". Most of its tips made money. Yet Aston Martin proved "an absolute car crash" that almost wiped "out everyone else's good work". The year down more than 56%. Annual portfolios are presented in a spirit of seasonal fun. Comparisons are inexact as some publications liquidate their picks in mid-December. Long-term investors will not wish to buy and sell after just one year, but the suggestions opposite hopefully contain a few bright investing ideas for a new decade.

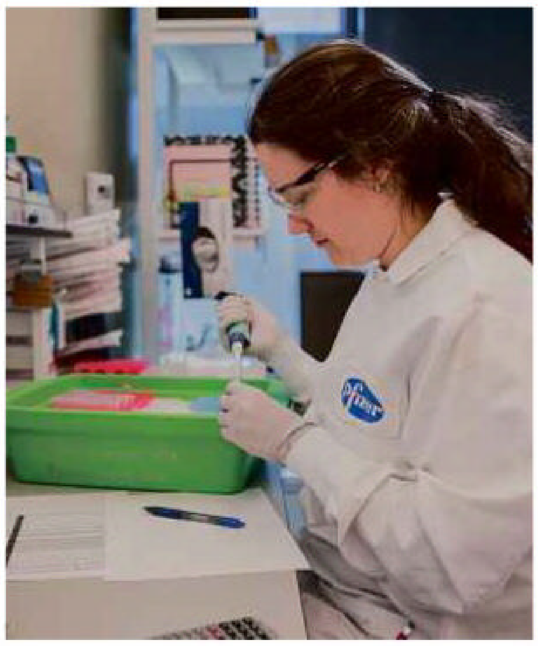
Aston Martin: "an absolute car crash"

... and what they've picked for the year ahead

Shares

Begbies Traynor, the UK's largest insolvency practitioner by volume, derives two-thirds of its revenue from countercyclical activities. That makes it a valuable hedge against a weak economy, but a 29% jump in profits in the six months to the end of October shows that it doesn't need a recession to perform well *(88p)*. A net 20% of households switched to British Gas in November thanks to a focus on cheaper tariffs, which may herald the start of a turnaround for owner **Centrica.** In any case, on a 2020 price/earnings ratio of 9.5 the shares look so "beaten up" that the risk-reward ratio is favourable *(90.5p)*. Premium chocolatier **Hotel Chocolat** is delivering "tasty growth" in its digital operations and is preparing to take a bite out of the huge US and Japanese gifting markets. This growth story is "just getting started" *(423.5p)*.

Greetings cards-to-stationery maker **IG Design** is growing thanks to deals with major retailers on both sides of the Atlantic and has a progressive dividend policy *(697p)*. Businesses and governments are increasingly shifting services online, which opens up a huge multi-year opportunity for IT specialist **Kainos.** No debt also makes for a "bulletproof" balance sheet *(718p)*. With the PPI issue largely behind it and the UK outlook clearer, now is the time to buy **Lloyds Bank** and its generous 5.5% dividend yield *(64p)*. Electrical and wiring products supplier **Luceco** could be in line for a rerating this year thanks to its LED and high-margin wiring accessories operations *(116p)*. Things are looking up for the housing sector in the wake of the Tories' election win, while **Redrow**'s focus on premium homes should help it to avoid the quality controversies besetting some builders at the budget end of the market *(729.5p)*. **Schroders**' £444bn in assets under management makes it one of the few British financial firms able to stand "shoulder-to-shoulder with its international peers". It also has room to grow in the US *(3,346p)*. The airline sector is often a source of disappointment for investors, but **Wizz Air**'s focus on fast-growing central and eastern Europe gives it a structural advantage *(3,899p)*.



Barron's

Shares in Google parent **Alphabet** gained nearly 30% in 2019 but still look reasonably priced when you strip out losses in the autonomous driving and "other bets" businesses. A decision to boost share repurchases or pay a dividend could yet boost the share price *($1,350)*. **Amerco** is the leading provider of do-it-yourself moving vehicles in America and also has a fast-growing self-storage operation. A lack of analyst coverage means that it remains a "well-kept secret" *($354)*.

Anthem is a health insurer that covers 40 million people. On 12 times projected 2020 earnings the shares appear cheap, although health insurers will suffer if a left-wing democrat wins October's US presidential election *($284)*. Warren Buffett's **Berkshire Hathaway** lagged the US market last year amid concerns about a huge and growing cash pile, yet this high-quality defensive portfolio now looks cheap *($225.25)*. Cable-provider **Comcast** has been diversifying in recent years, notably acquiring Sky in Europe in 2018, and it also plans to spend $2bn on launching its own streaming service. It looks more attractively priced than industry peers *($43)*.

Dell Technologies has proven a disappointment since going public in 2018, with the shares up just 1% in 2019. Yet a $50bn stake in software group VMware and a hardware business that makes $90bn in annual sales suggests that the group's $36bn market valuation is too low *($49)*.

Pfizer's plans to spin off its generic drugs business has not gone down well on Wall Street, but the group has a strong portfolio and pipeline of new treatments that could deliver "10%-plus yearly gains in earnings per share" through 2025 *($38)*. Energy has been the worst stockmarket sector over the past decade, but **Royal Dutch Shell**'s focus on dividends – the shares yield 6.5% – make it the best pick among the supermajors *(2,152.5p)*. This year **United Technologies** completes its merger with Raytheon, creating a bigger and more focused aerospace and defence play. That could boost the shares because "Wall Street likes simple investment stories" *($149)*. Newly-merged **ViacomCBS** is a "content powerhouse" with 20% of US TV viewers and trades on a "rock-bottom" six times 2020 earnings *($38)*.

Investors Chronicle

Weakening Chinese demand means there is plenty of bearishness about copper. Yet with the supply outlook tight for the coming decade, contrarians should take a look at copper miner **Antofagasta** *(928p)*. Well-received new products and a strong performance in China make this a good time to buy a "revitalised" **Burberry** *(2,120p)*.

"It's been a long road to recovery", but the UK economy is gradually gathering strength, which should benefit cyclical businesses such as tool and equipment lender **Speedy Hire** during the year ahead *(75p)*. Catering hire and laundry firm **Johnson Service** is the biggest player in a fragmented market where "scale is key" *(199p)*.

Private rental developer and landlord **Grainger** has a good position in the in-demand private rental sector and the weak pound could attract interest from an overseas buyer *(302p)*. News that information and events group **Relx** is to sell *Farmers Weekly*, its final print magazine, confirms its transformation into a digital business focused on data analytics and artificial intelligence. Investors should buy into its "digital delights" *(1,894p)*.

Insurance group **Phoenix**'s £3.2bn megadeal to buy ReAssure is not without risks, but a good record and the potential for substantial cost savings and cash payouts means this year could bring a rerating *(752p)*. Filtration and environmental tech business **Porvair** is a good way to play the growing environmental, social and governance (ESG) investment trend *(613p)*.

An American view

Investors should "indulge" in luxury-goods stocks, says James K. Glassman in Kiplinger's Personal Finance. The sector's sales hit $300bn in 2019, driven by strong growth in China. With increasingly wealthy emerging-market consumers coveting the cachet of luxury brands, there is plenty of growth ahead. One to consider is LVMH, which owns a portfolio of 75 labels ranging from jeweller Bulgari to champagne producer Moët & Chandon. Bulgari's sales have doubled since LVMH acquired it in 2011, a testament to the group's efficient management. LVMH has just bought Tiffany, one of the few luxury brands not based in Europe. The valuation is not too "high-end" at 25 times 2020 earnings.

Daily Mail

This could prove the year that banking comes "back into fashion at last". **Barclays**, which is currently yielding just under 4%, is a solid business that "could prove a pleasant surprise" *(182p)*. This could also be a big year for "long-suffering shareholders" in **RBS**: bank shares have been among the post-election winners and the government may yet decide to sell off its remaining stake *(244p)*. Former WPP boss Sir Martin Sorrell has already built **S4 Capital**, his new marketing services group, into a £850m business and 2020 should bring more deals *(196p)*. Big changes are under way at "struggling high-street favourite" **Marks & Spencer** this year as the Ocado tie-up advances and the clothing operation turnaround starts. The "shares are at a low ebb" *(216p)*. The Neil Woodford debacle hammered shares in **Hargreaves Lansdown** at one point last year, but with talk of "a pile of cash waiting to be poured into the UK stockmarket", brokers "should be quids in" *(1,963p)*. Sheffield-based video games developer **Sumo Digital** could be on the verge of cracking China's vast market following publishing giant Tencent's recent decision to take a 10% stake *(186p)*.


Sumo Digital may soon crack China's vast video-games market

Money Observer

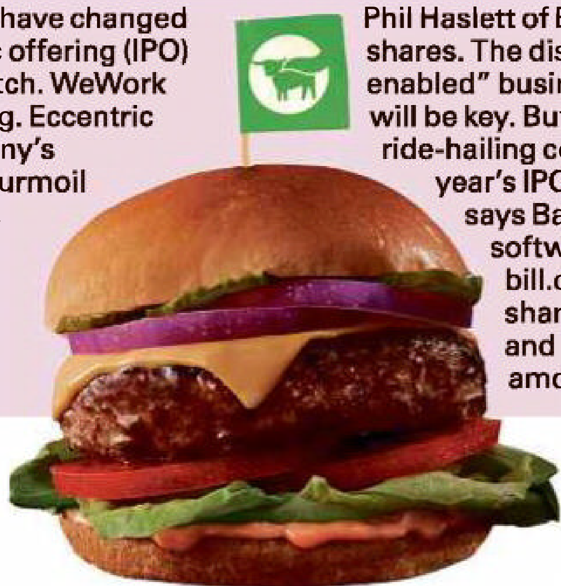
Lighting fixtures maker **FW Thorpe** is an increasingly technology-focused business following "waves of innovation" in the sector and has excellent direct relationships with its commercial customers *(291p)*. Electronics and components manufacturer and distributor **Solid State** is an "astute operator" and also has expertise in acquiring struggling peers and providing them with the capital and management skills they need to improve *(476p)*. "If a local builder fitted your kitchen, it will probably have come from **Howdens Joinery**." Growth has been steady despite the uncertain economic backdrop and the group is now rolling out its winning wholesale-only model in France *(616p)*. Power converter manufacturer **XP Power** has shrugged off a slump in the semiconductor market thanks to its close relationships with big blue-chip customers. Expect it to "emerge strongly from the slowdown" *(2,780p)*. Imperial Leather soap maker **PZ Cussons** is spending heavily on brands in the face of online competition, but the 4% dividend yield looks safe *(198p)*. High-performance polymer specialist **Victrex** is the biggest supplier of PEEK, a "particularly rugged and light polymer" *(2,374p)*. In a world where companies need everything from desk phones and mobiles to broadband and data, many are turning to **Gamma Communications**. Expect the firm to "maintain double-digit growth" as it grows its cloud product suite *(1,262p)*. "Iconic titles" such as *Worms* should mean strong cash flow this year at video-games developer **Team17 Group** *(316p)*. Promotional products direct marketer **4imprint** should keep growing its share of the market for "pens, bags and drinks flasks emblazoned with company logos" *(3,095p)*. The 6.4% dividend yield makes British Gas owner **Centrica** a "speculative income stock" – the British Gas arm has lost customers, but the turnaround potential means that the yield is still worth considering *(78.5p)*. Now could be a good time to swoop on **Direct Line Insurance Group** – the policy count is stabilising and new technology should help it to expand margins *(297p)*. UK royalty finance market leader **Duke Royalty** has "long-term predictable cash flows" and cash on hand to "pursue growth" *(47p)*.

The Times

"Let's be optimistic" and bet that **Royal Bank of Scotland** will gain from a post-election "uplift in business activity". A profit-boosting interest-rate hike is also "not inconceivable" this year *(244p)*. **Persimmon**, Britain's second-biggest homebuilder, is a "geared bet on the property market" and consumer confidence. However, at a "bargain-basement" 9.8 times forecast earnings it looks a reasonable one *(2,730p)*. Safety and hazard detection group **Halma** is a high-quality, diversified business known for its "disciplined deal-making". The shares are not cheap, so some may choose to wait to buy on weakness *(2,153p)*. **The Renewables Infrastructure Group**, known as Trig, is an investment trust that has more than 70 solar and windfarm investments across Europe *(139.25p)*. **Jupiter Fund Management** is in the middle of a turnaround and looks cheap on a yield of 5.8% *(414.5p)*.

Persimmon is in the bargain basement

IPO watch



The "public crash and burn" of WeWork may have changed the way other start-ups enter the initial public offering (IPO) market in 2020, says Emily Bary in MarketWatch. WeWork called off its flotation just six weeks after filing. Eccentric CEO Adam Neumann was ousted, the company's proposed valuation fell by over half, and the turmoil prompted Japanese conglomerate SoftBank, WeWork's largest investor, to take control of the loss-making group. The "WeWork effect" means companies will concentrate less on revenue growth and focus instead on profitability and corporate governance, says Phil Haslett of EquityZen, a marketplace for pre-IPO employee shares. The distinction between "real tech" and "tech-enabled" businesses – such as Uber, Peloton, and WeWork – will be key. But while the spotlight was on "laggards like the ride-hailing companies and the WeWork blow up" in last year's IPO market, there were several successful floats, says Bary. Vegan burger company Beyond Meat, software group CrowdStrike, and payments firm bill.com were "some of the year's stars". Home-sharing pioneer Airbnb, payment company Stripe and big data analytics software firm Palantir are among the listings to keep an eye out for in 2020.

The Daily Telegraph

Investors in **Purplebricks** were burnt in 2019 after a "headlong rush" into foreign markets left it overstretched, prompting an exit from the US and Australia. "Sticking to its knitting at home" could bring happier times this year *(130p)*.

Avon Rubber's safety masks are the go-to choice for the free-spending US military. "In an uncertain world" this is a share to own *(2,080p)*.

WH Smith's cluttered high-street shops are still profitable despite "brutal" trading conditions, but its fast-growing travel division, bolstered by two "game-changing" deals in America last year, is the real reason to invest *(2,624p)*. **TI Fluid Systems** makes "hi-tech car parts and fuel tanks". The slowing global car market is a concern, but the rise of electric vehicles – which require "additional fluid to withstand greater heat" – spells long-term opportunity *(265p)*. **GlaxoSmithKline** is at the forefront of a "golden era of drug discovery" and the ongoing demerger of its consumer healthcare brands will leave it with a "practically debt-free balance sheet" *(1,777p)*.

"Terrible PR and self-inflicted calamities" made 2019 one to forget for housebuilder **Persimmon**. Yet things are looking up for the housing market following Boris Johnson's re-election and the dividend payout (the "fourth-best in the FTSE 100") looks "almost as safe as houses" *(2,730p)*. Commodities giant **Glencore** is beset by regulatory and ethical questions, but a 19% fall last year leaves it with "headroom for recovery". The iron ore and copper outlook is weak, but a commodity mix that also includes exposure to zinc and cobalt compares favourably with peers and could bring better earnings growth *(241p)*.

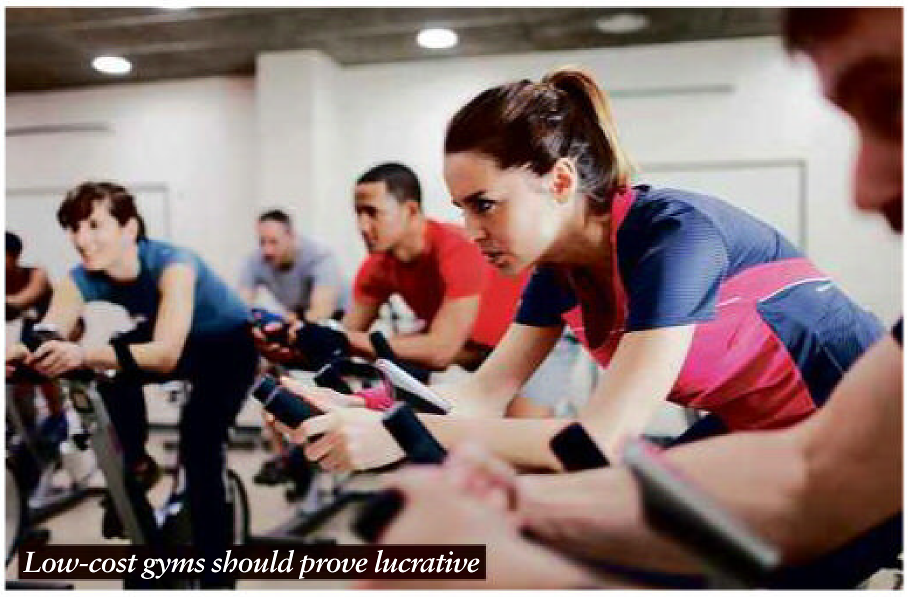
Reckitt Benckiser has served up more controversy than investors expect from a consumer goods firm over the past year, so new chief executive Laxman Narasimhan's pledge to return to being "boringly consistent" is welcome *(6,200p)*. Premier Inn-owner **Whitbread** will profit from the end of uncertainty over Brexit and is advancing into the fragmented German hotel market *(4,896p)*.


Avon Rubber's safety masks are popular with the US military

The Sunday Times

Shares in industrial software giant **AVEVA** almost doubled last year, but many customers in the manufacturing, mining and oil sectors have barely started digitising their businesses, so there is more upside to come *(4,722p)*.

BT's shares went "through the wringer" last year owing to political uncertainty, questions over its dividend and "sports rights bidding wars". Nevertheless, a better regulatory outlook means that it now looks underpriced – "just don't buy it for the dividend yield" *(196.25p)*. Shock profit warnings have dented sentiment towards online clothing retailer **ASOS**, yet it still managed to grow domestic sales by 15% last year. The completion of two new automated warehouses, meanwhile, will help the firm to grow its all-important overseas sales *(£33.09)*.


Low-cost gyms should prove lucrative

The big banks have struggled to cut costs, while challenger banks such as Metro still lack the scale to compete. That means that specialists such as **OneSavings Bank**, which focuses on buy-to-let mortgages and small business finance, are best placed to shine this year *(431p)*.

There is still plenty of room for new low-cost gyms in Britain, so 2020 could prove the year that **Gym Group** "really gets into shape". The shares could also benefit from takeover speculation: industry consolidation could lead to a private-equity buyout *(286p)*.

2020 is the year that the 5G rollout will really gather steam. Bet on the trend through US chip giant **Qualcomm** *($80.80)*. The government is pledging to increase the number of new houses built to 300,000 per year, which represents a big opportunity for brick-maker **Forterra** *(345p)*.

CareTech, a residential care business worth £467m, is operating in a growing market attracting more government investment and insulated from shifts in the broader economy *(418p)*. Security software developer **Avast** is getting better at monetising its userbase of 430 million people as the threat of cyberattacks grows *(465.25p)*.

Interactive Investor

Investors should consider the following small companies listed on Aim. Internet domain-name registry provider **CentralNic** is evolving into a major player in its sector, but the current valuation fails to reflect the "full potential" of acquisitions made over the past two years *(88.6p)*. Building-products supplier **Alumasc** should benefit from a pick-up in demand from new build and refurbishment during the year ahead. An attractive and well-covered forward dividend yield of 7.9% is ample reward for waiting *(93.5p)*. Growth in the digital music and gaming markets will provide a structural tailwind for digital payments and fraud prevention business **Boku** *(86.5p)*. Specialist industrial-equipment supplier **Northbridge Industrial Services** is diversifying its activities away from the volatile oil and gas sector towards renewables and data centres *(123p)*. Advanced materials specialist **Ilika** has developed "thin-film miniature Stereax solid state batteries" that can be used in medical implants and "internet of things" applications. It also has a format designed for electrical vehicles. A commercial breakthrough remains some way off, but investors' patience should pay off *(27p)*.

Ilika's batteries are designed for electric vehicles

The people's party lays out its plans

The PM's honeymoon period will not last long and he has a lot on his plate. Emily Hohler reports

With the UK leaving the EU on 31 January, Boris Johnson's honeymoon was "always going to be short-lived", says Mujtaba Rahman in The Guardian. He has ruled out any extension to the transition period, in effect imposing a 31 December deadline for concluding a free-trade deal with the EU. He has also said he wants to "diverge" from EU rules and standards, prioritising the government's "right to do things differently over preferential access to the single market". The "challenge Johnson is setting himself is immense", and he is setting great store by his ability to forge strong personal relationships with the new president of the European Commission, Ursula von der Leyen, and other EU leaders to smooth the way.


Johnson is marshalling the troops for a decade of disruption

©Shutterstock

Healing the wounds of Brexit

His hope is that they see in him "not a reflection of their own populist tormentors", but a "dyed-in-the-wool" Europhile who can heal Brexit wounds, says Fraser Nelson in The Daily Telegraph. His "biggest card" is that Germany in particular is keen to keep Britain in Europe's "diplomatic orbit". Von der Leyen has already said that she wants the new relationship to be "as close as possible". We can also expect a "de-dramatisation of negotiations". The plan is to agree to a free-trade deal and, if time runs out, sort out the rest of our future partnership later. There will be no cliff edge on 31 December. The "unspoken part" of negotiations will be that "if the EU doesn't offer a good deal, Britain will pursue other options". The size of Johnson's majority means that "he could, if he chose, adopt a very hardline Brexit stance".

One thing Johnson doesn't yet "appear reconciled to" are the trade-offs that his desire for absolute sovereignty, and therefore regulatory autonomy, will entail, says Jeremy Warner, also in The Daily Telegraph. Certain industries, including financial services, will be "quite significantly harmed by whatever new arrangements are put in place". As the FT points out, the UK manufacturing sector will inevitably suffer from new friction and costs at the border. British professionals "stand to lose automatic recognition of their qualifications in Europe".

On the domestic front, Johnson talks of "levelling up": raising the level of economic performance in all parts of the UK to those of London, says Chris Giles in the Financial Times. This is, in part, designed to consolidate electoral gains in the north. However, successive governments have tried to address regional imbalances and failed for the simple reason that governments cannot "control the location of economic activity". Investing in transport is not a magic wand. Nor is Johnson's review of departmental spending to weed out money-wasting projects anything new, says Jim Pickard in the same paper. As for Dominic Cummings' appeal for "weirdos" and "misfits" to revolutionise Whitehall, he is right that "better trained, more scientifically literate officials are needed", says Jonathan Portes in The Guardian, but what is needed most of all are "politicians who combine a determination to deliver on their promises with honesty, competence and a willingness to listen".

There is also the wider context to consider, says Richard Partington, also in The Guardian. Johnson says his ten-year plan will usher in a "new golden age", but he faces strong headwinds, including climate change, the rise of new technologies, an ageing society and a "shifting global economic order", with Asia in the ascent. Added to this, a global recession is overdue. As the economist Mat Lawrence has argued, "Brexit is just the firing gun on a wider decade of disruption".

Long-Bailey: long odds

©Getty Images

Labour's long march to the north

Keir Starmer has leapt into an early lead in the Labour leadership contest with the backing of 23 MPs, one more than the threshold required by next Monday, says Rob Merrick in The Independent. Rebecca Long-Bailey, the leading left-wing candidate, trails Starmer with the backing of seven MPs. Jess Phillips, Lisa Nandy and Emily Thornberry have the support of six, two and one MPs respectively. However, the level of support at Westminster may not be "the best guide" to who emerges as leader on 4 April, as Jeremy Corbyn's "astonishing grassroots triumph in 2015 proved".

If these candidates are to help Labour gain back the support of its working-class voters, they need to find a way to appeal to the working classes in the north as well as the party's new core of "metropolitan liberals living in 'woke' university towns and the inner cities", says Nick Timothy in The Daily Telegraph. They are currently competing over their working-class credentials, but the working classes aren't bothered by these – after all, they just voted in their millions for Boris Johnson. But they do want their concerns taken seriously. They want governments that keep their promises; they want immigration controls because of the competition for jobs and downward pressure on wages; and they want the minority communities they live alongside to integrate. Labour finds such views "more than a little embarrassing".

Well, assuming we end up with a runoff between Starmer and Long-Bailey, a YouGov poll of members has him beating her by 61% to 39%, says Polly Toynbee in The Guardian. Long-Bailey's history and her supporters (Jeremy Corbyn, John McDonnell and Jon Lansman) will count against her while Starmer's "heft and experience set him head and shoulders above" the rest. With his history of legal battles "fought and won for good causes", he is also the candidate the Tories most fear.

Betting on politics

After all the drama of the last few years, British politics looks like it will be relatively quiet this year. But betting opportunities remain. A total of £1.64m has been matched on the next Labour leader, for example. Keir Starmer (pictured) is the favourite with odds of 1.84 (54.3%), with Rebecca Long-Bailey in second place with 4.1 (24.3%). Lisa Nandy and Jess Phillips trail the leaders at 6.4 (15.6%) and 15 (6.6%) respectively. Clive Lewis at 130 (0.7%) and Emily Thornberry at 180 (0.5%) make up the field.

Jeremy Corbyn's shock victory in 2015 shows that it's a bad idea to write off any candidate – you could have got 33/1 (2.9%) on him winning even after he had secured enough nominations to get onto the final ballot. That said, YouGov's polls did consistently put him ahead with members

and supporters. YouGov's new poll suggests Starmer would comfortably win the contest, beating Long-Bailey on second preferences, at least among Labour party members.

Still, there's always a chance that someone like Nandy could storm ahead. My suggestion is that you lay (bet against) Long-Bailey, who is seen as the Corbynites' preferred candidate. Corbyn's landslide defeat has destroyed any enthusiasm for his brand of politics within Labour. What's more, Long-Bailey isn't particularly charismatic, and doesn't seem especially enthusiastic about running. Betting against her at 4.3 is equivalent to betting that she won't win at 1.30 (76.7%).

Trump's bold move against Iran

US bombing risks fanning the flames in the Middle East. Matthew Partridge reports

Iran mourns the death of General Qasem Soleimani

President Trump's airstrike on Friday, which killed Iran's General Qasem Soleimani, was a "bold act" that other presidents probably "would not have attempted", even to restore a "measure of deterrence" against an enemy state, says The Wall Street Journal. The killing was "justified". Soleimani, as head of Iran's Special Forces, was responsible for killing "Americans, Iraqis, Iranians, Europeans, Syrians and others across the Middle East", and was "planning more" deaths. The move was of a piece with Trump's "maximum pressure" policy that has left the mullahs "unloved at home" and with "few real outside allies".

Wider war remains unlikely

Nonsense, says The New York Times. Soleimani was "indisputably an enemy of the American people", a "critical instrument" of Iran's influence across the Middle East and an "architect of international terrorism" responsible for many deaths. But his assassination represents a "sharp escalation" in the tensions between the US and Iran, which could end up triggering a "massive" regional conflict, breaking Trump's promise to keep the US out of "endless wars".

An immediate war in the Middle East remains unlikely for now, says Jonathan Marcus for the BBC. Iran's supreme leader Ayatollah Khamenei has called the attack "a slap in the face" and demanded "an end to the US presence in the Middle East". Iran has also launched ballistic missile strikes against housing facilities in two American bases in Iraq. Still, the fact that the strikes were "clearly timed to cause as few casualties as possible" suggests that both the US and Iran – for all their rhetoric – "do not want a wider conflict".

Iran's response

Iran's position is weaker than it appears, says Najmeh Bozorgmehr in the Financial Times. Hardliners may call for direct action against the US, but they realise that a "full-blown conflict" that it could not win is not in Iran's interests. The "unexpected" and "unprecedented" nature of the American strikes means that Iran will need to proceed "more carefully" in future, since it can no longer assume Trump won't risk a war. Still, even if the strikes lead to no further escalation, we can still expect Iran to hit back indirectly by accelerating its nuclear programme and using its political influence within Iraq to push for a complete US withdrawal.

It's not just US troops in Iraq that will be under new pressure. Soleimani's death could also lead to Russia reassessing its support for Iran's ambitions in Syria, says Leonid Bershidsky on Bloomberg. The forces Soleimani led provided the "boots on the grounds" that Russia was unwilling to spare to support the Syrian dictator Bashar al-Assad. "On a strategic level, further escalation between Iran and the US might disturb the geopolitical balance that Russia intervened in Syria to maintain." That's something President Putin wants to prevent with the help of European leaders. But if the situation does escalate, and Iranian support for the Syrian despot falters or ceases, Putin will need a plan B, which is likely to involve closer relations with Turkey. Given that the Turkish president would prefer Assad gone, "the Syrian ruler, ironically, must be praying fervently that the Iranians do nothing rash".

Boris takes the floor for a tricky dance

Dominic Raab: under pressure

The tense situation in the Middle East (see above) presents Boris Johnson with "his first major foreign-policy crisis" as prime minister, says the FT. He has a tricky balancing act to pull off: he is anxious to maintain relations with Trump so as to strike a post-Brexit trade deal, but he must also work closely with France and Germany to try to keep alive the nuclear deal that Tehran signed with world powers in 2015. Dominic Raab, the foreign secretary, went to the US this week to try to persuade Trump to "de-escalate" the situation.

Johnson should be under no illusions about his influence, says The Observer. Trump did not even inform Britain of his intentions, despite the presence in Iraq of hundreds of British troops and thousands of UK contractors. Britain is unlikely to be allowed to stay on the sidelines either, as shown by the "dressing down" given to Raab by the US for not immediately supporting the raid. Britain's "desperation for a trade deal" could lead us "into the trenches" over a war we do not want.

That's not plausible, says Rachel Sylvester in The Times. Britain already has a "perfectly good" trading relationship with the US and Johnson has form when it comes to standing up to Trump: as foreign secretary, he showed he was prepared to criticise the US and was a "strong supporter" of the nuclear deal that Trump tore up. Even the US refusal to consult Britain before its attack is no bad thing – it provides "an excuse not to go along with subsequent events". But Johnson has a "complicated diplomatic dance" to master and must in the end decide whether to partner with Europe or the US. His "great man" theory of politics will soon be put to the test.

Madrid

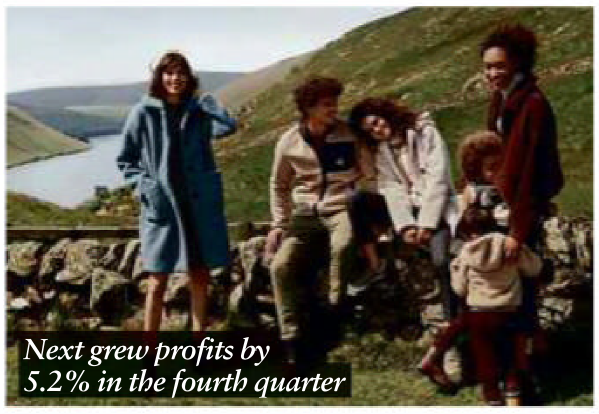
Coalition government formed: Spain will be led by a coalition government for the first time in 80 years after its acting prime minister, Pedro Sánchez, narrowly secured parliamentary support for a joint administration between his Spanish Socialist Workers' Party (PSOE) and the left-leaning Unidas Podemos. The outcome was achieved thanks to the pro-independence Catalan Republican Left party (ERC), which agreed to abstain from the vote after Sánchez promised to solve the "political conflict" that has "dogged Spain since Catalonia's separatist government attempted to secede in 2017", says Sam Jones in The Guardian. The ERC has nevertheless made it clear that the new government cannot take its support for granted. The new government's agenda includes plans to increase the minimum wage, raise taxes for high earners and big companies, and repeal some of the labour market reforms implemented by the conservative Partido Popular in 2012, says Silvia Amaro on CNBC. Spain's economy is expected to have grown by 1.9% over 2019, according to the European Commission, but if the coalition pushes forward with certain measures, such as bumping up the minimum wage by more than 20%, it is unlikely to carry on outperforming the eurozone average.

Caracas

Showdown in parliament : The opening of Venezuela's legislature, the National Assembly, got off to a chaotic start this week. First, Luis Parra, the assembly leader elected by pro-government legislators on Sunday (after opposition leader Juan Guaidó and his supporters had been prevented from entering the assembly for the vote), officially began assembly proceedings. He then left the chamber when Guaidó (pictured) and his supporters gained access to the building, forcing their way through "a phalanx of government soldiers" to take their seats, say Ana Vanessa Herrero and Julie Turkewitz in The New York Times. Barred from attending the vote on Sunday, the opposition had held its own vote, electing Guaidó as assembly leader. A violent pro-government mob, known as the *colectivos*, then drove Guaidó from the building. Meanwhile, the economic crisis continues. Last year inflation reached 2,000,000% and the nation's currency, the bolívar, has reached yet another record low. It has now sunk to a trillionth of its 2009 value.

Great Britain

Next bucks retail trend: Clothing retailer Next had a strong Christmas, says Edward Thicknesse in CityAM. Sales for the fourth quarter were up 5.2% year-on-year. The retailer said a "cold November" combined with improved stock availability was behind the December boost, which increased its full year profit by £2m to £727m. The company expects further growth in 2020. Next's success is "cheery news from a world of parrot-sick shopkeepers", says Alistair Osborne in The Times. Meanwhile, supermarkets took a record £29.3bn over the fourth quarter, but the 0.2% rise in sales across the sector was the lowest rate of growth since 2015, says Sarah Butler in The Guardian. But discounters Lidl and Aldi grew sales by a respective 10.3% and 5.9% in the 22 weeks to 5 January.



Next grew profits by 5.2% in the fourth quarter

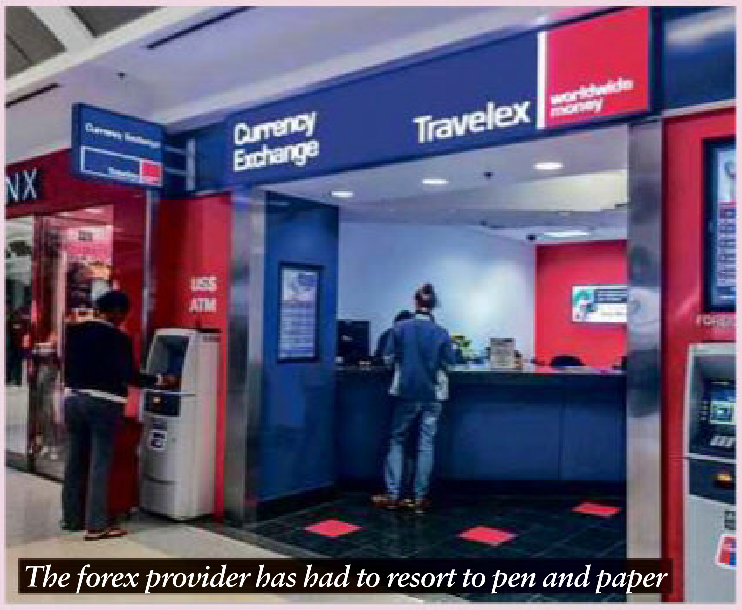
The way we live now: the world's youngest influencer

The success of a 20-month-old toddler suggests we are all in the wrong job. Parker George has become one of Instagram's youngest sensations, gaining over 16,000 followers and "netting his mum over £10,000 worth of goodies", says Jessica Green in the Daily Mail. Natasha Maxwell, 33, set up the profile for him a year ago to share pictures with loved ones, but soon strangers were "drawn in by the 20-month-old's cheeky grin". Maxwell has been sent £10,000 worth of treats in exchange for Instagram posts featuring the items, including designer clothes, tickets to *Disney on Ice* and a fridge-freezer. "I didn't start it as a way of using my children to gain anything," says Maxwell. "People just kept following us and it just grew from there. Now some posts can be seen by 20,000 people and it has just gone crazy." Parker isn't the only child benefiting from social media. Eight-year-old Ryan Kaji, who reviews toys on YouTube, has been named the highest-earning YouTuber for the second year in a row, says the BBC. He earned $26m in 2019, up from $22m the year before. His most popular video, a six-minute clip of him running around his garden retrieving plastic eggs with toys inside, has 1.9 billion views.

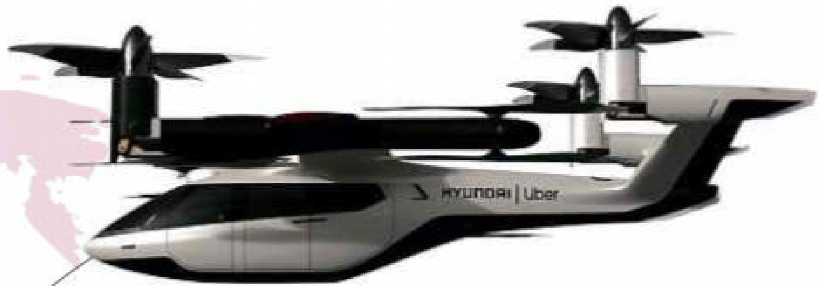
Parker George: a cheeky and lucrative grin

London

The year's first cyberattack: Foreign-exchange provider Travelex is being held to a $6m ransom by hackers threatening to reveal sensitive data, says Joe Tidy on the BBC. The cyberattack has forced the firm to take down its websites in 30 countries, turn off computer systems and resort to using pen and paper. Ransomware gang Sodinokibi, also known as REvil, launched the attack on New Year's Eve. They claim to have gained access to dates of birth, credit-card information and national insurance numbers. The hackers have said they will delete the data and restore the entire network if Travelex pays up. But if it fails to do so within seven days they will sell the information. The company insists no information has been leaked, but won't reveal what data could be at risk. The UK Information Commissioner's Office (ICO) said it hadn't received a report on the hack from Travelex, and added that organisations must report breaches within 72 hours of becoming aware of them. Under the EU's General Data Protection Regulation, a company that fails to do so faces a maximum fine of 4% of global sales.



The forex provider has had to resort to pen and paper



Seoul

Joint venture to make flying taxi: South Korean carmaker Hyundai Motors is partnering with ride-hailing app Uber to develop flying taxis, says Paul A. Eisenstein on CNBC. A full-scale mock-up of the vehicle designed for Uber Elevate, the company's aerial ride-sharing service, has made its debut at the Consumer Electronics Show in Las Vegas. Dubbed the S-A1, the electrically powered PAV (personal air vehicle) will be able to carry up to four passengers on trips of up to 60 miles, reaching speeds of 180mph. Uber Elevate has previously partnered with "more traditional" aerospace players such as Embraer, Bell and Boeing subsidiary Aurora. However, the head of the company, Eric Allison, says Hyundai has the "potential" to build Uber Air vehicles more quickly, producing "quality, reliable aircraft at high volumes to drive down passenger costs per trip". Uber Elevate was first unveiled in 2016, and demonstration flights should begin this year. Commercial services are on the cards for 2023, where the service will debut in Dallas, Los Angeles and Melbourne, Australia.

Addis Ababa

The world's fastest-growing economy of the 2010s: Ethiopia has been the world's fastest growing economy over the past decade, says Steve Johnson in the Financial Times. Since 2009 Ethiopia's gross domestic product (GDP) has jumped by 146.7%. Meanwhile, Nauru, Rwanda and Ghana have doubled their national output, while Myanmar, Bangladesh and Cambodia have seen 100% rises in per-capita output. Progress has been far from widespread in emerging markets, however, says Johnson, with conflict-ridden Libya and Yemen seeing their GDP plunge by 71% and 36% respectively. In Syria and Venezuela, things have gone "so badly" that the International Monetary Fund has actually stopped collating data. According to Charles Robertson, chief economist at Renaissance Capital, almost all the countries that have done well over the past ten years have "very strong Chinese links or have adopted the Chinese growth model". Ethiopia has been the "keenest pupil" of the Chinese approach, embarking on an authoritarian, state-led investment push focused on infrastructure and manufacturing. Ethiopia has investment rates above 40% of GDP, "which is Chinese-type levels".

Vienna

Greens in government: The surge in support for green parties has produced the first national coalition between a centre-right and a green party. Austria's left-leaning Greens have signed an agreement with the conservative People's Party, says Peter Conradi in The Sunday Times. Head of the People's Party, Sebastian Kurz, 33 (pictured), hailed the coalition as "uniting the best of both worlds". The People's Party won 37.5% of the vote in a recent election, while the Greens' share of the vote quadrupled to a record 14%. The leader of the Green Party, Werner Kogler, 58, is poised to become vice-chancellor. Despite unhappiness from radical members of the Green party who described the coalition as "more turquoise" (the colour of the People's Party) than green, Kogler argued it represented their only opportunity to implement part of their programme. This includes a rise in tax on flights, a cut in the cost of public transport and a pledge to make Austria carbon-neutral by 2040. The Greens will have to support Kurz's tax-cutting economic agenda and conservative social policies. (See page 17.)

Iran's feeble economy

The Islamic state is a big player in regional geopolitics, but its economy is weak, its people in revolt and its enemies growing bolder. Simon Wilson reports

How big is Iran's economy?
In 2017, the last year for which it has published final figures, the World Bank put Iran's GDP at $448bn, making its economy the second biggest in the Middle East and North Africa (after Saudi Arabia). It is also the second biggest country in the region in terms of population (after Egypt) with about 83 million people. Iran's GDP is about the size of Thailand's, Venezuela's or Austria's. But in terms of GDP per head (about $5,400) it's less well off: Iran's population is around ten million more than Thailand, 50 million more than Venezuela and ten times as many as Austria.

So it's poor?
Iran has a well-educated population and it scores highly on many global development indicators. But compared with similar largeish countries in the wider region, Iran is notably poorer. Turkey has about the same size population as Iran, but GDP per head is twice as big. Saudi Arabia's population (about 33 million) is less than half the size of Iran's, but its GDP per person is about four times as big. And although it currently dominates Iraq politically, Iran is only level-pegging with it in terms of GDP per person. Broadly speaking, Iran is relatively rich (in terms of GDP per head) compared with Egypt and other North African countries, or compared with its eastern neighbours Pakistan and Afghanistan. But it is quite a bit poorer than Lebanon, much poorer than Saudi Arabia, and massively poorer than, say, the UAE or Israel.

How does it make its living?
Oil was first discovered in Persia in 1908, and since the 1950s Iran has emerged as a hydrocarbon superpower, with around 10% of the world's proven oil reserves and 15% of gas reserves (according to US official estimates). Other sizeable sectors are agriculture and services, plus manufacturing and finance, with a high degree of state ownership and control (both direct and indirect via a web of religious foundations known as bonyads). Oil and gas are not just vital to the economy, accounting for the vast bulk of exports, they also account for the overwhelming bulk of government income – a dependency that makes the country vulnerable. Iran's economy picked up strongly following its 2015 nuclear accord with global powers. But since Donald Trump pulled the US out of the deal and reimposed sanctions in mid-2018, the economy has tanked.

What happened?
Sales of crude oil have fallen from 2.8 million barrels a day to less than 500,000, gutting the country's foreign-exchange earnings and driving up prices of staple goods. Inflation has soared to around 50%. Food prices have doubled in the past two years. The value of Iran's currency, the rial, has plunged by around 60%. Since mid-2018 Iran's central bank has stopped publishing macroeconomic data, but the IMF estimates that GDP shrank by 9% in 2019, following a contraction of almost 5% in 2018. People are leaving the cities in search of a cheaper life in smaller towns. And crime is soaring, fuelling popular anger and a sense of national crisis.

Iran's dependency on oil makes it vulnerable

©Getty Images

What is the government doing?
It is desperately trying to stabilise the economy and keep the government finances more or less afloat. President Rouhani has vowed that Iran can withstand the "great psychological, political and economic warfare" he believes is being waged on the Islamic republic by the US, and has announced a range of measures aimed at doing just that. In essence, Tehran plans to muddle through by cutting its reliance on oil exports, increasing taxes, borrowing more money (selling Islamic bonds in the domestic market), selling off some state-run companies and slashing subsidies on fuel. At best, it's a strategy that can only work for so long.

"The killing of Soleimani marks the start of a new geopolitical era"

Any signs of progress?
Iran's government says things began improving in the second half of 2019, and that the "storm" was passing. The rial has been back on an upward path, the Tehran stockmarket has been rising strongly, and there was a small increase in industrial production and agricultural output. Compared with the 2019 collapse in GDP, the IMF is forecasting zero growth in 2020, chiming with the government's claim to have got through the worst of the crippling effect of sanctions. However, the situation in Iran remains highly volatile. In November, the government's move to slash fuel subsidies – in effect raising petrol prices by 50% overnight and drastically limiting the quantity available for purchase at subsidised rates – sparked the worst civil unrest since the 1979 revolution, and a ruthlessly brutal security crackdown in which hundreds were killed. In the past, the theocratic Iranian state has proved resilient in the face of popular anger. This time, nothing is guaranteed, and much depends on how the geopolitics unfolds from here and how this affects the economy.

What could happen?
In terms of geopolitics, Iran is looking extremely vulnerable, despite its strong relationship with China, its biggest trade partner. Whether you believe the US was reckless and provocative – or just ruthlessly opportunistic – in eliminating the Iranian general Qasem Soleimani (see page 13), what made President Trump's action possible is a crucial new economic reality, argued Joseph Sullivan in Foreign Policy this week. Four months ago, in September 2019, the US became a net exporter of oil for the first time since the 1940s. That's a dramatic and defining moment for the Middle East and the Gulf. As of now, higher oil prices are a net positive for the US economy. That means Washington has been granted "armour that deflects what was once a favourite economic weapon in Tehran's quiver of asymmetric arrows – oil price shocks". US energy self-sufficiency marks the start of new geopolitical era, and for Iran the killing of Soleimani could be merely its opening salvo.

Investors needn't fear the greens

Green parties across Europe are finding the centre-right to be natural allies. That will be great for business

Matthew Lynn
City columnist

Over the last couple of decades, the green parties have positioned themselves as part of the radical left and the enemies of big business. Most corporate bosses and investors would probably rather see hard-left socialists in power than radical environmentalists. At least socialists are in favour of a productive economy, even if they don't have much idea how to create one. But maybe that view is out of date.

Austria's blue-green pact

In Austria, the conservative People's Party chancellor, Sebastian Kurz, has just formed a coalition with the greens after breaking with his allies on the populist right. In Germany the greens are now the fastest rising political force, overtaking the Social Democrats as the main opposition party. It won't be long before they replace the SPD in a coalition with the Christian Democrats to take control of Europe's largest economy. Similar blue-green pacts may soon be formed across Europe. Parties that were once at opposite ends of the spectrum are working together.

Kurz's move is the most interesting because it maps out the amount of common ground shared by conservative parties and environmentalists. The coalition agreement includes plenty of policies that will keep the greens happy, such as increasing the taxes on air travel, expanding the country's rail network, a commitment for all of Austria's electricity to be produced from renewable energy sources by 2030, and targets to make the country completely carbon neutral by 2040. But it also has plenty to keep the conservatives and their business allies happy as well, such as a commitment to cutting both personal and corporate taxes, tighter immigration controls and measures to promote national identity. Haggling out a deal looks to have been surprisingly easy.

Leader of Austria's Green party, Werner Kogler: the greens are flowering

©Getty Images

In Germany, too, either after the present grand coalition falls apart, or after fresh elections a similar platform might be agreed. Angela Merkel's CDU has already announced a package of environmental policies costing €60bn. A coalition with the greens would go further, but it wouldn't exactly be a radical change of direction.

Beyond the fringe

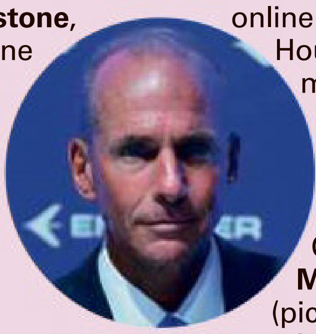
We shouldn't be that surprised that conservatives and greens can work together. There is no inherent ideological conflict between the two sides. Sure, a few environmentalists think any form of growth is bad in itself, but that is a fringe view and one that is fading as environmental parties move into the mainstream. There is nothing about tackling climate change, controlling pollution, or creating cleaner, healthier living spaces that will trouble anyone on the centre right. And among the more thoughtful greens, there may soon be a growing recognition that market- based solutions to environmental challenges may be more effective than big state-led projects. And that a wealthier economy will be able to afford to protect the environment better than a struggling one.

Indeed, some of the major growth industries of the next decade will be rooted in protecting the environment. Renewable energy is already a big business, and one that is getting more profitable (and competitive with fossil fuels) all the time. The battery industry, which will be vital as we switch to renewable electric power, will be just as big. Electric cars are already turning into the fastest growing sector of the automobile industry. Supermarkets and retailers have already invested heavily in making their operations more ecologically friendly; plastic bags are being phased out, and more and more food is sourced locally.

The greens are a rising political force in every European country. Business and investors might until recently have viewed that with trepidation. But if they can be allied with the centre-right, they could easily win a majority of the votes, and a mix of massive investment in trains, renewable energy, and curbing carbon emissions, along with tax cuts and pro-business competition policy, sounds like a credible combination. Green investment will stimulate demand, and so will tax cuts, while deregulation will encourage entrepreneurship. Businesses and greens can, it turns out, be natural allies.

Who's getting what

● **Sir Charles Dunstone**, founder of Carphone Warehouse and executive chairman of TalkTalk, has shared in profits of £14.8m from start-up fund Freston Ventures, reports The Sunday Times. Dunstone started the fund with eight other partners, including his wife Celia. The "angel investment" fund has put money into startups such as Mod Pizza, pop-up mall operator Boxpark and burger chain Five Guys. Not all its punts have been successful, however – online estate agent Housesimple lost more than £22m in the two years to 2018.



● Ex-Boeing CEO **Dennis Muilenburg** (pictured) may have been fired in December in the wake of the 737-MAX scandal, which saw 346 people killed by faulty planes, but he could end up with more than $60m to smooth his passage to his next job, reports CNN Business. He could be entitled to severance pay of $7m, a "benefit plan" of up to £30m, $20m of stock options and a pension package of "more than $11m". Muilenberg worked at Boeing for 34 years and was CEO from 2015 to 2019.

● By the time you read this, **FTSE 100** bosses will have earned more than twice the average annual salary of the typical UK employee since the start of the year, says The Guardian. At £901.30 an hour, the average FTSE 100 CEO is paid more than 117 times the £14.37 an hour of the median worker, and had surpassed the average £29,559 annual salary by 5pm last Monday. The figures were compiled by the High Pay Centre.

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Nice work if you can get it

Mark Carney, the outgoing governor of the Bank of England, blew almost £100,000 on his final "Governor's Day" party for 2,500 bank staff and their families this year at the bank's exclusive 32-acre sports ground in Roehampton, near Richmond Park in southwest London. The bank spent £96,188 on the bash, says the Daily Mail, with £45,852 going on food, £6,441 on drink and £29,916 on "family entertainment". A further £1,969 went on equipment and £12,009 on "other" expenses. The bank said that "Governor's Day is a long-held tradition that is open to all employees, including their families, with the aim of recognising their hard work and dedication". The sports ground, which the bank has owned since 1907, is to be closed and leased out to commercial operators. Just 13% of the bank's employees take up the offer of annual memberships, which costs just £52.

West Africa breaks with the franc

Editorial
Financial Times

This year, eight west African countries will ditch the Colonies Françaises d'Afrique (CFA) franc in favour of a new currency, says David Pilling. They will "no longer have to keep half their reserves in France or have a French emissary occupying a seat on their central bank". But if there is symbolism in the move, there is "also risk". Although the new currency, the eco, will remain pegged to the euro and guaranteed by France, it will take a dramatic event – a commodity shock or political crisis – to test France's resolve. In the absence of such resolve, "fiscal and monetary discipline by African states alone will preserve the peg". Commentators look "warily at neighbouring countries, where high inflation, devaluation and depreciation have been the norm". However, the shift is "more political than economic". The stability of the "overvalued" CFA franc has been "excellent news" for large French firms and African elites; less so for those wanting to export African-made goods. Macron has recognised that he needs to rid his country of its "colonial taint". He also knows that Africa's "main commercial prizes" are to be found outside the francophone zones.

The frontline in the climate wars

Robert Colvile
The Sunday Times

With Australia's bush fires dominating the front pages and a big UN climate summit in Glasgow in November, climate change is destined to remain uppermost on the agenda this year, says Robert Colvile. In 2020 Britain also becomes the "frontline for one of the world's most important political battles": between green activists, who effectively believe in "switching off the modern economy" to save our planet, and the Tories, who believe that "free markets, innovation and prosperity" can be harnessed to avoid its destruction. The challenge for Boris Johnson is to persuade voters that reducing net emissions to zero by 2050 can be achieved in a way that "enhances rather than reduces growth" and keeps living costs down. This will involve a lot of "hard thinking", but there are grounds for optimism. In Silicon Valley, climate change is seen "as a problem that is on its way to being solved". If we get post-Brexit regulation right, Britain can become an "attractive place to research and finance emerging technologies". And since Britain's green energy expertise is clustered in areas the government is "keenest to support", including the north, there is potential political benefit here too.

Don't put a cork in wine flows

Jenny Lefcourt
The New York Times

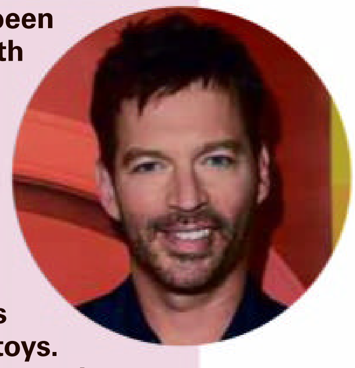
If the Trump administration goes ahead with its proposed 100% tariff on European wine on 14 January (purportedly a punishment for unfair European financial support of Airbus, a major competitor of Boeing), my 20-year-old business could be destroyed, says Jenny Lefcourt, co-founder of a wine importer. Lefcourt is not alone. The US imports more than $4.25bn a year in European wine, which is "handled by thousands of importers, distributors, wine stores and restaurants". Importers have already been hurt by a round of 25% tariffs imposed last October. You might think that it doesn't matter if European wine becomes more pricey, but there is a vast industry, employing hundreds of thousands of people, that relies on it. Small businesses with narrow profit margins are particularly vulnerable. Moreover, alcohol stores are "one of the few bright spots in the bricks-and-mortar retail economy". It's one thing to protect American industries by "pushing back" in the face of unfair practices, but if we insist on charging European winemakers more to sell their products in the US, they will simply take their business elsewhere. Demand from Asia is "huge". The only real victims will be American businesses and consumers.

It's time to kill off the zombies

Patrick Hosking
The Times

"This is the traditional time of year for struggling store groups to throw in the towel," says Patrick Hosking. Cash levels are high; stock levels at their lowest. So the absence of any big casualty could be seen as a good sign. But is it? Analysis by Colliers finds that, of the 23 large firms entering the protection of company voluntary arrangements (CVAs) since 2016, 13, including Mothercare and BHS, have failed. The trends that are damaging them (internet shopping and high business rates and rents) continue unabated. Although CVAs are a lifeline, they don't address high debt levels and often simply delay the inevitable. It might be better for creditors and the wider economy "if the bullet was bitten". By the time of Carillion's demise, it had been allowed to pay out dividends of £54m and management bonuses and to rack up additional debt, owing creditors £7bn. Zombies tie up capital and talent, and arguably their survival is propping up rents, which would otherwise fall and be taken advantage of by a new generation of innovative entrants. Finally, if they are to perish, now is as good a time as any to do so, while unemployment is low, creditors resilient and investors ready and willing to "back new ideas".

Money talks



"I've never been any good with money. If it were left to me, I'd have none because I've spent it all on stuff, whether it's vacations or toys. I have nothing to do with it. I don't handle it."
Musician and actor Harry Connick Jr. (pictured), quoted in The Times

"I'm well known in certain circles, but I don't think I'm famous. I'm not impressed by fame or money. To put it another way: what's the thing I'm most pleased with about the business? Continuity – always being relevant."
Fashion designer Paul Smith, quoted in The Observer

"The only function of economic forecasting is to make astrology look respectable."
J.K. Galbraith, quoted in The Economist

"It is well enough that people of the nation do not understand our banking and monetary system, for if they did, I believe there would be a revolution before tomorrow morning."
Henry Ford, quoted on Ritholtz.com

"Americans have always been able to handle austerity and even adversity. Prosperity is what is doing us in."
US journalist James Reston, quoted in the Associated Press

"I learnt an enormous amount being very young and very, very famous. You realise it's much more difficult to maintain success than it is to actually achieve it – and it's not as glamorous as people think."
Fashion designer and former Spice Girl Victoria Beckham, quoted in Metro

"Best, starting my own business. Worst? I'm 84, I can't remember!"
Billionaire Sir Anwar Pervez, founder and chairman of Bestway Group, Britain's No. 2 wholesaler, on his best and worst decisions, quoted in The Sunday Telegraph

The changing world of work


Technology is the biggest driver of workplace trends

©Getty Images

capx.co

How did the way we work change over the past decade? An analysis of occupational changes carried out by the RSA Future Work Centre "reveals the changing face of Britain", says the think tank's head Alan Lockey. Some of the findings are unsurprising: out go government administrators, in come jobs in child and social care. But looming larger than public-sector austerity and demography is technology.

Over the past decade, the economy has created more jobs for computer programmers and software developers than for any other occupation. Several occupations in the top 20 for most jobs created are either IT or communications and marketing roles, with the latter perhaps reflecting the rise of social media. On the negative side of the ledger, the biggest story is undoubtedly the decline of retail. The British high street lost 289,000 jobs net over the decade. That too reflects technological change: we are shopping more online (creating 100,000 new jobs for van drivers, the fourth largest net growth overall).

What to expect in the 2020s

Will these trends continue in the coming decade? Anyone looking into their crystal balls would do well to remember IBM CEO Thomas Watson, who predicted in 1943 that there would be a world market for "maybe five computers". Still, if you extrapolate from present trends, it is possible to see possible future trajectories for society. Looking out to 2035, there are four main possibilities.

One is of a "big tech" economy of rapid transformation whereby technology drives improvements in productivity, new products and higher-quality public services at the cost of higher joblessness, insecurity and inequality. The second possibility is of a "precision" economy of hyper-surveillance, where firms create value by extracting data to improve efficiency. The third is one where the high street revives by offering more authentic experiences and human interaction than shopping. This "empathy" economy will see tech companies working alongside humans rather than replacing them to provide entertainment and personalised services. The fourth possibility is of another 2008-style collapse creating an "exodus" economy, where people increasingly give up on capitalism and technology and seek alternative, greener ways of making a living.

These are only possibilities, but what does seem certain is that the kind of future we want is ultimately down to us. It is humans, not algorithms, who will decide what technology affects our lives and how.

Reasons to be cheerful in 2020

fee.org

The mainstream sentiment is that we are heading for disaster, says Tyler Brandt. Pundits clamour about the decline of democracy, climate catastrophe and failing capitalism. Yet the data tells a different story – one of "human flourishing and progress". Extreme poverty rates, for example, are falling and continue to fall. From 1990 to 2015, the global extreme poverty rate fell from 36% to 10%. In 2018, it fell to 8.6%. More than 137,000 people escape extreme poverty every day. At the same time, the ranks of the global middle class have expanded. September 2018 marked the first time in human history when more than 50% of the global population was considered middle class. Its numbers grew 92% from 2009 to 2018. Global life expectancy is on the rise, increasing by more than three years in the past ten years.

Hasn't that come at a cost to the environment? No. At a certain point in their development, poor countries start polluting less. Death rates from air pollution fell by almost a fifth worldwide and by a quarter in China between 2007 and 2017. Annual deaths from climate-related disasters fell by a third between 2000 and 2009 and 2010-2015, a 95% reduction since the 1960s. "In many ways, the world is getting better every day. There are good reasons to be optimistic heading into 2020."

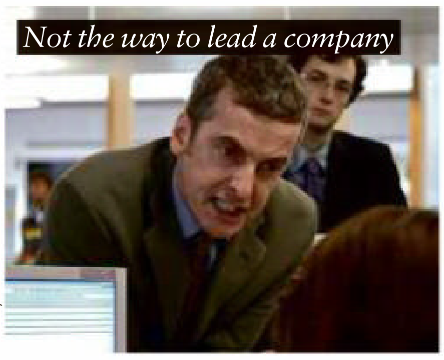
New Year vows for managers

economist.com

1. Give out some praise. People don't just come to work for the money. They like to feel they are making a valuable contribution. So give out praise every now and then. Be specific. This is particularly important for junior employees, who will feel anxious about their status.

2. Remember that you set the tone. A relaxed, open boss is likely to lead to a relaxed, open workplace. An angry boss who swears a lot sets a bad example.

3. The buck stops with you. If something has gone wrong, it may be that what is wanted has not been communicated well or that the task has been given to the wrong person. If things need fixing, you're responsible for making it happen.


Not the way to lead a company

©Alamy

4. Listen to your staff. You hired them for their skill and expertise: learn to rely on it. If you don't trust their judgement, you hired the wrong people.

5. Drop the team-building exercises. Paintballing in the woods, tackling an army assault-course – no one wants to do this stuff. They would much rather be at home with their families. Why not build a team by introducing its members and explaining what you want each of them to do? It is a lot cheaper. It also wastes a lot less time.

Whatever happened to US dishwashers?

aier.org

Donald Trump seems to have developed a weird fixation on dishwashers, says America's liberal commentariat. It's all part of his nostalgia for a fictitious era in the past when everything was better, simpler and worked better. Yet on this issue, Trump is "absolutely right", says Jeffrey Tucker. Dishwashers used to work. They cut the time spent on one chore that is still mostly done by women and the dishes would come out gleaming. No longer. Customers have started noticing. Sales have held up, perhaps because consumers assume they just need a new one. Yet surveys show that buyers hate their new machines. One in five homes have stopped using them.

The reason? State interference. Regulations mean that new models scrimp on water and take longer to run and greener detergents leave everything covered in soap. "Trump is a smart politician. He specialises in finding issues that no one else is talking about and how they directly affect the quality of life. For a man often wrong about issues such as trade, he has absolutely nailed this one perfectly."

The relentless, creepy rise of the enforced happiness industry

The evidence suggests we've never been richer or healthier, yet we are always being told how stressed and discontented we are. Jonathan Compton assesses the industry making money from our misery

Over a bottle or two in a Hong Kong bar many years ago my neurosurgeon friend was unusually excited by a freak opportunity to study the effects of the mind on the body. In the same week he had operated on three adult men of similar health, size and age with near-identical injuries. Each had suffered the loss of three fingers to a "chopper attack", a form of punishment often used by triads. Meticulously he had reattached each man's fingers.

A few months later he reported that one had recovered 95% of the use of his hand, the second about 50% and the third hardly any at all, reflecting in his view the impact of their mental approach to their injuries and subsequent efforts to recover. This was the first time I realised that mental attitude could affect physical health.

The subsequent decades have seen huge improvements in surgical techniques and in almost every measurable facet of human existence. Globally, life expectancy today is 73 years – higher than any single country in 1950. There has been a surplus of food since 1978, local famines being a function of poor distribution or worse politics.

In developed countries you were at least ten times more likely to be murdered, assaulted, robbed or injured at work 100 years ago; women were nearly 50 times more likely to die in childbirth. Very few people had any chance of higher education, inside sanitation, or owning any form of transport. In short, we are astonishingly well off to an extent unimaginable to previous generations.

Still not happy

Nevertheless, we are told that we are suffering more mental health disorders than ever before. This is best demonstrated by the astounding growth in two overlapping industries: mindfulness and wellbeing. The definitions of each are slightly fluffy, but the NHS defines mindfulness as "paying more attention to the present moment – to your own thoughts and feelings, and to the world around you – to improve your mental wellbeing". Confusingly, wellbeing has been defined by the World Health Organisation as "a state of complete physical, mental and social wellbeing and not merely the absence of disease or infirmity".

Mindfulness has its roots in two areas: a monastic and lifelong Buddhist practice aimed at renunciation and detachment, and a long-standing American obsession with spirituality and oriental mysticism. A 19th-century example is Mary Baker Eddy and the Church of Christ Scientist, whose widest-known belief is that disease is a mental aberration best cured through prayer. The Buddhist ethics, duties, discipline and theological roots have been swept away for the 21st century.

"In the developed world you were ten times more likely to be murdered 100 years ago"

Jon Kabat-Zinn is a leading and early proponent of mindfulness and inventor of mindfulness-based stress reduction (MSBR). One of his more interesting quotes is that "mindfulness is not just about helping with stress, but may actually be the only promise the species and the planet have for making it through the next couple of hundred years". A fundamental tenet of mindfulness is that the causes of stress, upset and dissatisfaction are in our own minds – so they are ours to fix. Wellness, meanwhile, has its roots in the 19th-century alternative-medicine movement including (again) Christian Science and German and Swiss Lebensreform (back to nature). It has eight "dimensions" (social, financial, spiritual, etc.) and the term was created, bizarrely, by the US Office of Vital Statistics in 1954.

It continues to morph into new iterations, but is essentially a holistic approach whereby one's mental, physical and emotional health are in sync. Proponents of wellness and mindfulness are quick to point out that they are vital in a rapidly changing world where the stresses of work, money and living continue to worsen and that each offers not only a solution, but also a guarantee of happiness.

A new approach to mental health?

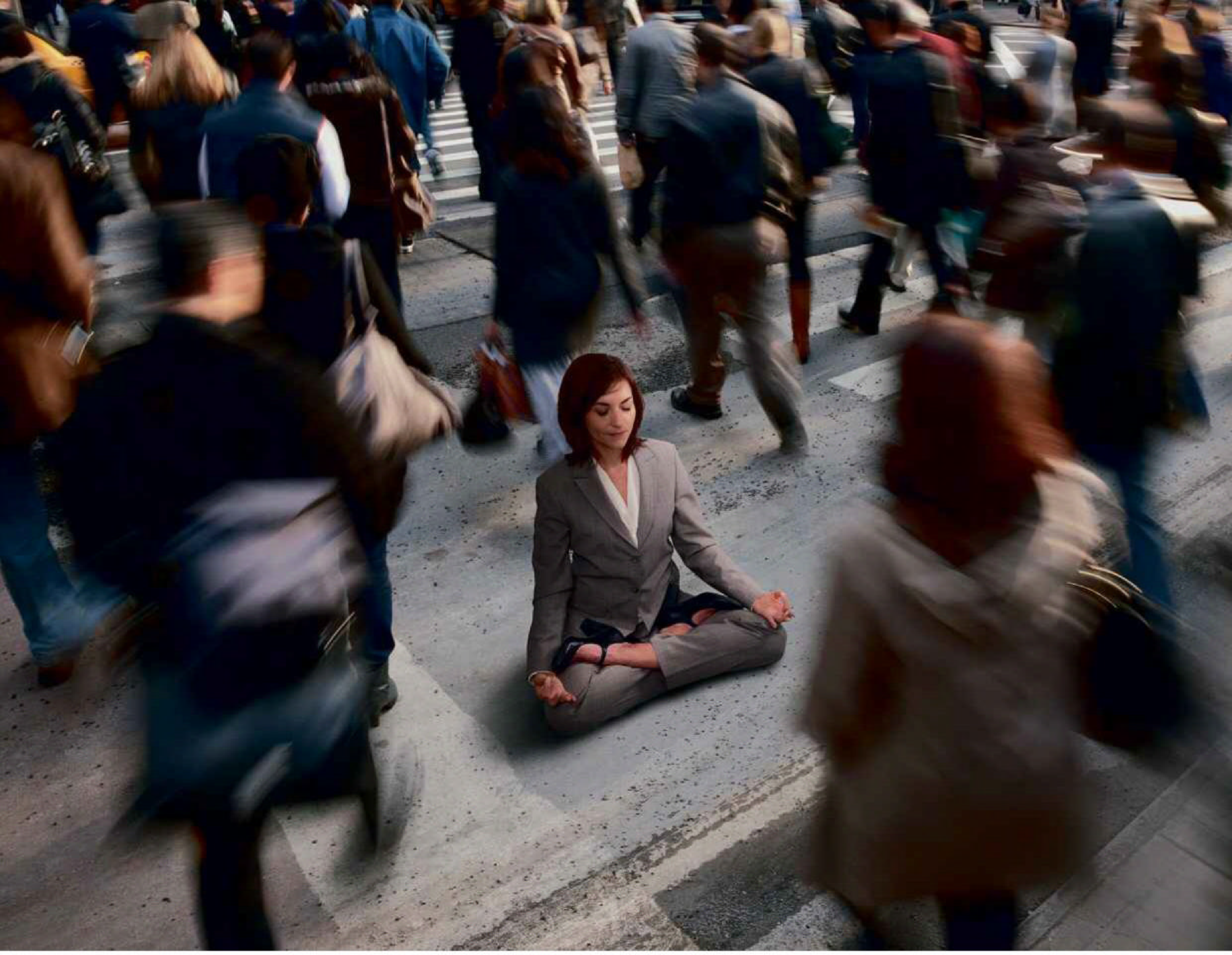
Unless you're a hermit you will know of people with serious mental health problems. These are as real as flu or a broken bone. Treatments such as cognitive behavioural therapy (CBT) often produce remarkable results, with 50%-75% success rates in cases of depression. And despite serious disputes over the claimed cure rates in other illnesses, results from Alcoholics Anonymous show that after CBT, even under the worst-case scenario, around 10% of problem drinkers are cured for life, about half cut their intake substantially, and more regain some control. In other examples, a combination of drugs and therapy have measurable effects on bipolar or eating disorders.

However, distinct from mental health issues, there is a growing obsession with the pursuit of happiness. I blame Thomas Jefferson, who lifted the term from the English philosopher John Locke and snuck it into the American Declaration of Independence in 1776. He meant it to mean aiming for liberty, prosperity and thriving, not polishing your own karma. Yet this cannot explain why mindfulness and wellbeing have become mainstream so fast.

For not only have we materially never had it so good, but on other measures we also seem to be doing fine. Every year the UN produces a World Happiness Report, assessing national and regional happiness. It shows that in most countries most people are pretty happy most of the time and in most cases have never been happier.

The countries in fine fettle are developed nations where wealth is widely distributed, corruption low and legal systems robust; they also boast strong health systems. The top ten include the five Nordic countries, Holland, Switzerland, Canada, New Zealand and Austria. I do not believe it is coincidental that, apart from the Dutch, all ten are relatively underpopulated, have huge open spaces with mountains, lakes or both, clean air and a strong sense of social cohesion. Similarly the miserable countries are, as you might expect, Venezuela and Zimbabwe.

Yet these contented and civilised nations are suffering an outbreak of mindfulness and wellbeing.



Not the best way to deal with a stressful commute

This is known as the Easterlin Paradox: as countries get richer they tend not to get much happier. Yet the happiest people on the planet, according to Pew Research, are the actively religious, who are far more likely to describe themselves in every country as very happy compared with those who are inactive or have no religious affiliation. This applies across all religions: Christianity, Hinduism, Zen Buddhism, Confucianism and even the wackier ones. They are also far more likely to join non-religious societies and clubs, to vote and participate in society generally. One inference is that wellbeing and mindfulness are simply filling a hole previously occupied by various faiths. Religion – any religion – seems to provide a sense of purpose, engagement with others and group support.

Yet the prime cause for the supposed increase in unhappiness may be the rise of robust individualism. It is hard to recall how much we were collectivised; not just in the obvious sense of the now defunct USSR, but also in more liberal countries, be it through trade unions, political clubs, family groups or even by class. Many of these boundaries have weakened or disappeared. The individual is more "free", but far less anchored to any group or set of ideas. Into this void has stepped the big business of mindfulness and wellbeing.

A huge opportunity

A commonly cited number is that the health and wellness industry is now worth $4.2trn. This looks a wild guess. Yet a Google search for meditation companies produces 51.7 million results; on Amazon books, over 60,000 titles contain mindfulness and 40,000 wellbeing (including 1,000 on wellbeing for dogs and 643 for wellbeing colouring books). These happiness twins have gone mainstream. New Zealand's government has prioritised "national wellbeing" over GDP. Bhutan and Abu Dhabi, not previously known for their liberal attitudes, have appointed "happiness ministers", while the UN and OECD are gearing up to make happiness a priority.

As always, however, private enterprise has moved faster. All the giant tech companies – even in China – have happiness departments and directors, as do many corporate giants such as GlaxoSmithKline and BP. Japan is building a huge wellness tourism industry. Lower down the food chain thousands of firms are introducing mindfulness and wellbeing courses with leaders and coaches for their staff. This outburst of caring politics and huggy companies is creepy; I smell a large rat.

Follow the money

There is everything right about many workplace changes over the last two decades, such as hugely improved childcare packages and progress in tackling discrimination. It can only be good too that companies and governments want to reduce workplace stress. But there is something suspect about mindfulness experts being welcomed at the most capitalist of meetings such as Davos. The solution, as always, is to follow the money. L. Ron Hubbard made one sensible remark in a sea of largely insane and inane ones: '"If you want to get rich, found a religion". He duly

Continued on page 22

"All the giant tech companies now have happiness departments"

Continued from page 21

created and made a fortune through Scientology, one of the most controlling cults on earth. This outbreak of official niceness seems as much designed to save money as to improve people's lives. Mindfulness is very introverted: it's your fault if things are bad and up to you to cure it. For a few dollars a month you can buy an online MSBR course and become a better employee. Or your firm might buy you one of the many apps where the handful of iterations claim to fit all comers, even though some reports suggest they can often worsen your condition. The hard evidence on effectiveness is scarce or unsupportive.

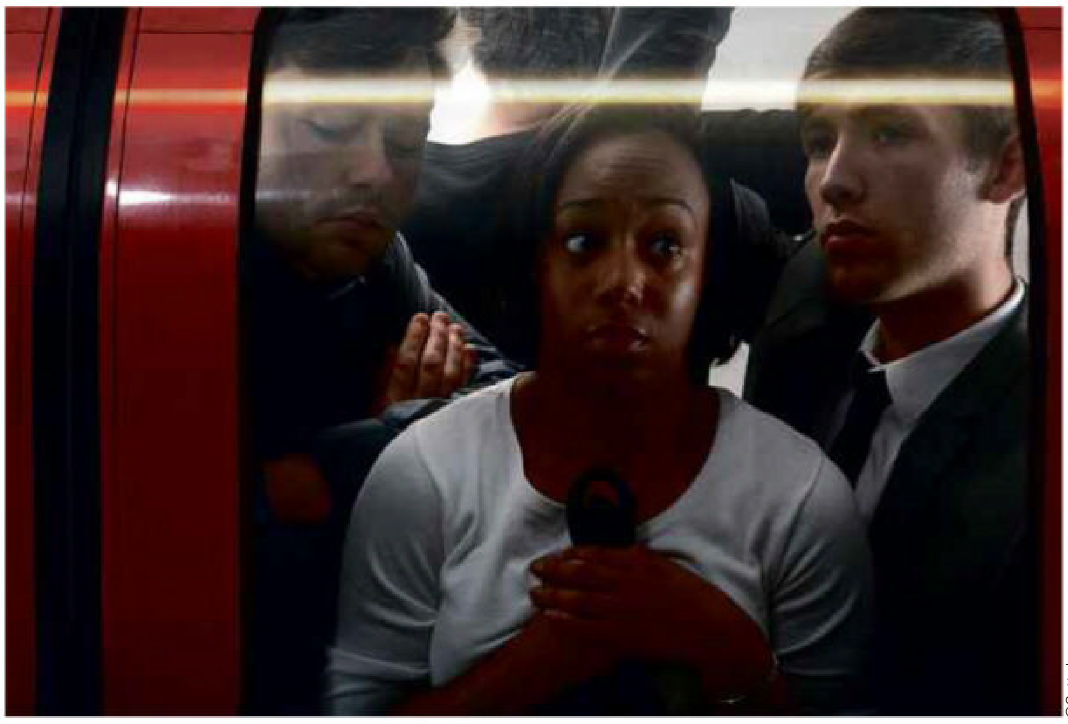
What the research shows

For example, in 2019 the American Medical Association published a report on an experiment sponsored by the Harvard Medical School. It was unusually large, covering 26,000 workers over 21 sites for 18 months. Yet although the participants self-reported significant improvements in their health behaviour, there was no discernible outcome using clinical measures, nor better productivity than in a control group. Nor has any other large-scale research found any significant changes. Perhaps that's no surprise. The world of wellbeing contains thousands of consultants and therapists' groups – no qualifications required.

Still, the trend is set to grow. For companies where the boss is useless, the product poor or the working environment dreary, mindfulness and wellbeing offer a get-out-of-jail card – it's your fault and your negativity. For governments too, the fact that you arrive at work stressed from a commute on woeful public transport is no longer their fault; heal yourself.

Be mindful – or else

You're not underpaid – you hold the solution. Costs can be lowered too; the NHS is looking to move many patients from proven CBT treatments (cost £900 per course) to "more relevant therapies" at £300. What I find creepiest of all is that mindfulness and wellbeing



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It's your fault if you're unhappy

encourage the acceptance of the status quo without question. Non-compliance with mindfulness meetings in the US is increasingly a black mark on your record. It will be the same here soon.

I have no doubt that in ten years' time we will look back on many current therapies or "proven" psychological cures with derision. The advances in studying the human genome have been enormous, but constitute just a fraction of what is still to be revealed – be it heredity traits or propensity to certain types of behaviour and mental illnesses – making treatment less guesswork and more science-based.

"In ten years' time we will look back on many therapies with derision"

At present we're in a strange limbo between new cults, proven therapies and useful medication. While scientists continue their work, the mindfulness and wellbeing businesses will continue to make exaggerated claims for their apps and courses. Many therapies do proven good – and even if they don't, if it works for you, then why not? The best approach for long-term investors, however, is to steer clear of quackery or faddish therapies and look into firms that are genuinely working on improving our physical and mental health.

What to buy now

The world of wellbeing contains several companies overpromoting themselves as wholesome, flying too close to the sun, then crashing. Beyond Meat (meat-free burgers) has collapsed from $240 to $74 in six months; WeWork nearly pulled off a $60bn listing before investors woke up to its fantastical claims.

There are many firms doing pioneering and fascinating work into mental health and genome therapies, but most are either private, small parts of large corporations, or likely to become strapped for cash because such research and development eats money.

One closed-ended investment trust stands out, however: **Syncona Limited (LSE: SYNC)**, with a £1.3bn market cap. It concentrates on investing in and building up life-science companies. It is 28% owned by the respected Wellcome Trust. Performance last year was disappointing, but five-year numbers are good. Volatility is largely a function of when investments are realised – or flop. I don't like buying at a 14% premium to underlying net assets, but the valuation of its unlisted holdings tends to be conservative.

For a wider healthcare fund the **Healthcare Opportunities Fund** managed by Polar Capital fits the bill; it covers the industry well, ranging from pharmaceuticals to biotechnology.

The one-year numbers are also poor, but those for three, five and ten years are good. With a fund size of £1.1bn it can maintain flexibility better than the near equally well-performing but much larger Janus Henderson Healthcare fund.

The standout player in gene sequencing and analysis is US-listed **Illumina (Nasdaq: ILMN)**, which was recently forced to call off a proposed merger with the smaller Pacific Biosciences because competition watchdogs in both the UK and US feared the merged company would dominate the industry.

But the reality is that it does so already, with an 80% share of the gene-sequencing market globally. It is hardly cheap, but it is at the forefront of new medical technologies while net income has doubled to over $800m over the last five years.

Another interesting American company developing therapies for serious neurological and auto-immune diseases is **Biogen Inc. (Nasdaq: BIIB)**. Recently the share price has been strong thanks to its promising prospective Alzheimer's drug Aducanumab. Approval is by no means a done deal, but it is on a modest 11 times earnings (partially because of imminent patent expiries), while revenue growth has been strong.

A similar company, but much smaller, is Denmark's **H Lundbeck A/S (Copenhagen: LUN)**, a relative minnow with a £6bn market cap. It is very active in crucial areas such as Alzheimer's, bipolar, depression, schizophrenia and several others. Free cash flow is very variable, but at 16 times earnings and a 4.7% yield the risks are in the price.

My last pick, which I have tipped before, is the UK's largest pharma group **GlaxoSmithKline (LSE: GSK)**, with its broad portfolio of pharmaceuticals and vaccines.

A £90bn giant, it needs blockbusting new drugs to have a major impact on the share price, but investors can enjoy a 4.5% dividend yield while they wait.

Go green and make money

Helping the environment needn't mean sacrificing profits, as this energy-efficiency trust shows

Max King
Investment columnist

There is a common view that environmental improvement requires sacrifice of living standards, of pleasures we take for granted and of profits for businesses; that the path to salvation lies in discomfort, deprivation and denial. But entrepreneurs have set out to prove the puritans wrong by showing that profits can be made for investors, money saved for customers and the environment improved all at the same time.

Taking on the puritans

With this in mind, Jonathan Maxwell set up Sustainable Development Capital Limited (SDCL) in 2007, offering financial advice and energy-efficient investment. In late 2018, the **SDCL Energy Efficiency Income Trust (LSE: SEIT)** was launched, raising £100m to invest in a seed portfolio of assets and new projects. Maxwell was shrewd enough to recruit Tony Roper as chairman. Roper had previously been the manager of HICL, the £3bn infrastructure fund. This brought considerable credibility to a previously obscure business.

Maxwell says we may only need a quarter of the energy we consume: "current energy use is [so inefficient that] up to 75% [is] lost in generation, transmission and distribution".

Battersea Power Station used to heat surrounding homes

©Getty Images

The path to greater efficiency involves evolutionary rather than revolutionary change, which means using improved fossil-fuel technology rather than just renewable energy.

A good example lies in a number of combined heat and power (CHP) projects in the portfolio. CHP involves the utilisation of surplus heat from generating electricity for other purposes. For example, Battersea Power Station, built in the 1930s, also heated many homes on Chelsea Embankment, but subsequent technological development makes this economic on a much smaller scale. SEIT has taken advantage of investors' enthusiasm to raise another £226m in three subsequent placings. The shares have performed well. They are now on an 8% premium to the 100p issue price, despite having paid out 3.5p in dividends. The pipeline is extensive at "over £500m".

Examples of recent investments include £20m to install solar panels on the roofs of Tesco stores and a €150m investment in nine CHP, biomass and olive-pomace processing plants in Spain. Earlier examples include a low-carbon CHP plant for St Bartholomew's hospital and the installation of LED lighting at 149 National Car Parks locations. In each case, SEIT lowers energy costs, improves energy security and helps clients achieve carbon-reduction targets while making a sufficient return from sharing the cost savings and sales of spare electricity to generate a good return on its capital.

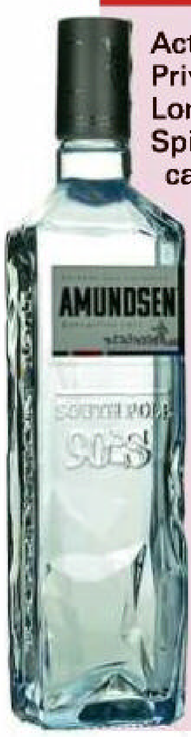
Taking on more risk

So far, SEIT has focused on acquiring operational assets generating immediate cash flow. But it is increasingly investing at an earlier stage, taking construction risk for a higher return. The portfolio is concentrated, with five projects accounting for 84% of assets. Just over 60% of assets are in Spain, 27% in the UK and 10% in the US, but high Spanish exposure is largely the result of the recent €150m transaction there and should fall as new investments are made. Expected returns are not disclosed, but the promise of 5p of dividends in the year to 31 March 2020 and 5.5p in the following year bodes well.

The speed of fundraising and investment invites scepticism, but this is clearly an experienced team with a considerable reputation and much knowledge of the opportunities in an area offering major potential.

The involvement of Roper adds reassurance. The 9% premium to 30 September net asset value at which the shares trade looks steep, but the confidence of investors should prove well placed as valuations progress upwards.

Activist watch



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Activist shareholder Western Gate Private Investments has accused London-listed drinks group Stock Spirits of being "unwilling to return cash to patient investors" after the company dismissed its proposal for a special dividend, says Gurpreet Narwan in The Times. Western Gate complained that an increase in executive pay to €3.5m over the past 12 months despite a decline in the share price of 15% in the last five years was evidence that the company is run "for the board" rather than for shareholders. Stock Spirits pays out just 60.5% of its earnings as dividends, compared with an average of 71.3% for the sector.

Short positions... gold funds top the table

■ **Gold funds gave a dazzling performance in 2019, says Emma Agyemang in the Financial Times. Charteris Gold & Precious Metals, which oversees £16.3m in assets, returned 52%, the highest total return of more than 2,500 UK-based funds. Gold's rise last year also propelled Ruffer Gold to number three in the table with a 44% overall return. UK mid-cap and smaller companies funds also performed well. Aberdeen Standard UK Smaller Companies came in second with a 46% return. Franklin UK Mid Cap was fourth, with 42%. Absolute return funds, which aim not to lose investors' money, were, as so often, absolutely useless. The three worst-performing funds of 2019 were Garraway Absolute Equity, BMO Equity Market Neutral, and Oxeye Hedged Income reporting negative returns of 57%, 30%, and 22.5% respectively. The fourth worst-performing fund was Neil Woodford's suspended LF Equity Income Fund, which lost just over a fifth of its value.**

■ Last year's buoyant markets were bad news for short-sellers – and especially bad news for Russell Clark, whose Horseman Global Fund has been betting on stocks falling since 2012. In 2019 the fund suffered its biggest-ever annual loss, slumping by 35%, notes Nishant Kumar on Bloomberg. The fund raised its net short position to a record 111% of gross assets in October. But the S&P 500 index surged by 31.5% last year. Horseman Global was managing a mere $241m at the end of November, down from $1.7bn at the end of 2015. Clark said to clients that the year "had not worked out as planned". The "media shy" Australian started managing the fund almost a decade ago, says Laurence Fletcher in the Financial Times. His fund made double-digit gains in 2014 and 2015 before losing around 24% in 2016.

Tobacco goes up in smoke

Philip Morris International is the most vulnerable stock in an embattled sector

Matthew Partridge
Senior writer

Tobacco is bad for your health, but it has been good for investors' portfolios. For decades, companies have been able to offset the gradual decline of smoking in Europe and North America with rising sales in emerging markets and price hikes in developed markets. The advent of e-cigarettes, meanwhile, has provided a new revenue stream and fuelled optimism over the future for cigarette companies after tobacco use dies out.

The final straw?

However, it now looks as though the cumulative impact of increased regulation such as indoor smoking bans and plain packaging has caused the decline in smoking in established markets to accelerate. There are also plenty more such changes set to buffet the industry, notably the recent increase in the minimum smoking age to 21 in the United States and the ban on menthol cigarettes in the EU. At the same time, there also has been a backlash against e-cigarettes owing to concerns that they are more dangerous than they first appeared; many fear that they are also encouraging teenagers who wouldn't have normally smoked to take up the habit.

A tobacco company that looks particularly vulnerable is **Philip Morris International** (NYSE: PM). Although PMI's share price has fallen by a quarter since its peak in 2017, it still trades at 15 times 2020 earnings. This is far more than rival tobacco companies. For example, Altria trades on a 2020 price/earnings (p/e) multiple of 11.2. British American Tobacco is on a p/e of 9.8 while Imperial Brands trades at a lowly 7.1 with a yield of 10.7% (double PMI's). PMI's supporters argue that the company deserves to be more highly valued because it sells a large chunk of its conventional cigarettes to emerging markets, where demand is still growing, while it doesn't sell any in the declining US market.

Smoking may not boost your portfolio for much longer

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However, it still gets 60% of its revenue from developed countries, where sales are falling by 3% a year. At the same time regulators in emerging markets, even Russia and China, are starting to implement many of the anti-smoking measures that have been pioneered in Europe and North America, suggesting that growth should slow and start to fall.

"Russia and China are implementing western anti-smoking measures"

While PMI is heavily investing in the so-called IQOS system of heated tobacco, which is supposed to be safer than vaping, this is likely to suffer from any backlash against e-cigarettes, while consumers in large markets such as Japan are proving reluctant to switch to it. Even the most optimistic projections suggest that it will be over a decade until IQOS becomes as important as conventional cigarettes. I suggest you short PMI at the current price of $85 at £40 per $1 (compared with IG Index's minimum of $16). Cover your position if it goes above $110. This will give you a potential downside of £1,000.

Trading techniques... four trading resolutions

Last year I was much more successful than in 2018. While this was partly a result of selecting strong performers, some it was due to following the rules I had set myself – especially taking losses and letting winners run. Still, there is always room for improvement, so here are four New Year's resolutions for 2020.

1.Balance shorts and longs
Last year, I tipped more longs than shorts. But with valuations now at record levels and the bull market more than a decade old, it's likely there will be a market correction before too long, so I should ensure that the number of open short and long tips don't get out of balance.

2. Adjust stop-losses more often
Letting my winning tips run has proved lucrative since my profits came largely from a few key trades. Still, it's a good idea to prevent the portfolio from getting too stale by locking in some profits with a rise in stop-losses on long positions and decreases on shorts.

3. Pay more attention to charts
My trading tips are driven by fundamental factors, such as the quality of the business and valuation. Still, waiting until the price has stopped falling before buying (or rising in the case of shorts) is generally a good idea – and one which would have saved me from losses in the case of tips such as construction group Kier and Superdry, the clothing retailer.

4. Avoid revisiting failures
Last year I tipped shorting Tesla for a third time even though the previous two Tesla tips both lost money. I also tipped shorting Just Eat twice. I'll now avoid the temptation to revisit former failures.

How my tips have fared

This has been a mixed month. Five of the seven longs, including all the UK companies, appreciated, with homebuilder Bellway now at 3,894p (from 3,439p).

Storage space company Safestore rose from 777p to 785p; International Consolidated Airlines Group from 553p to 615p; builder Taylor Wimpey from 177p to 194p; and packaging and recycling firm DS Smith from 370p to 380p.

However, the two foreign tips didn't do so well, with carmaker Volkswagen treading water at €176 while drug firm Bausch Health Companies fell from $29.21 to $28.86. Overall, my long positions are making profits of £5,060.

The bad news is that all my five short tips lost some ground thanks to the relentless rise in the US stockmarket over the past month.

Streaming giant Netflix rose from $308 to $336, ride-hailing app Uber went from $28.26 to $32.26, online retailer Wayfair increased from $87.53 to $95, while social network Twitter went from $30.57 to $31.64.

Even the price of the digital currency bitcoin went up from $7,434 to $7,869. As a result the profits on my short positions have dwindled to £694.

We now have three tips – Bellway, Safestore and bitcoin – that are more than six months old. Since all three are making profits, I don't think you should close them down right now.

Instead I recommend that you lock in some profits by increasing the stop-losses on Safestore to 750p (from 700p) and Bellway to 3,600p (from 3,225p).

I'm also going to increase the stop loss on Bausch to $26 (from $25). As for Netflix, I have decided to give it another fortnight to move into the black before recommending that you close the position.

New year, new you

Resolve to get your finances in order this month. Several key steps will make you better off come December

Ruth Jackson-Kirby
Money columnist

For most of us the New Year heralds plans to get fit, eat better and generally be a better human. But have you thought about what you could do to improve your finances in 2020? There are a several simple steps that could make you significantly better off next New Year's Eve.

Firstly, this is a good time to reassess your investment portfolio. Gauge whether the spread between different asset classes still suits your appetite for risk and the time you intend to be invested. "The asset classes you choose to invest in will ultimately determine how your portfolio performs, usually more so than the specific investments you choose," as Andy Bell, chief executive of AJ Bell, told the Daily Mail.

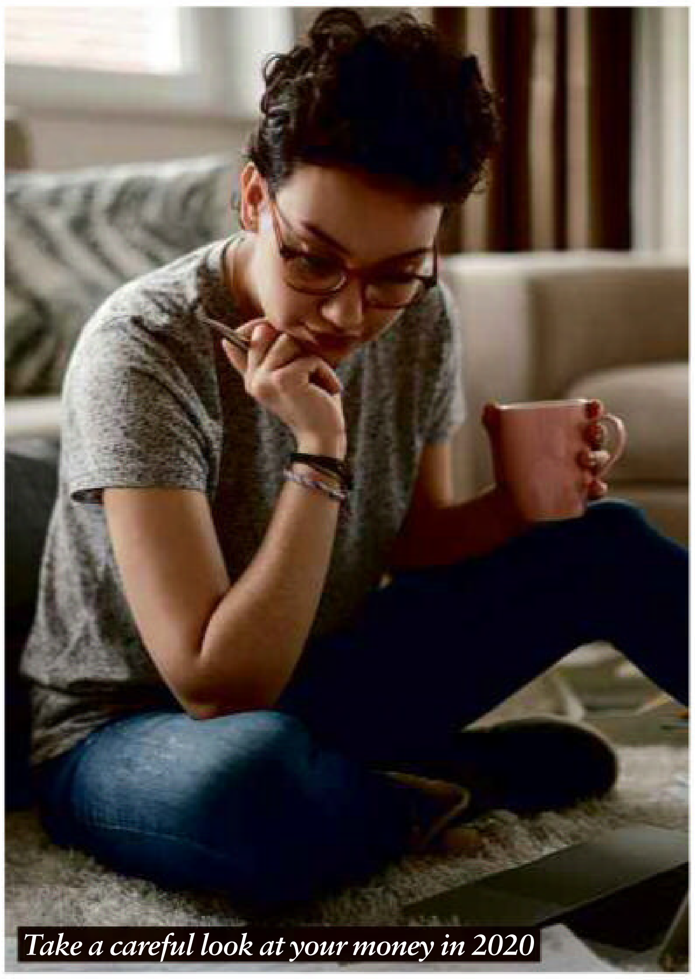
While you are at it check what fees you are paying; these can greatly reduce long-term returns. You may be able to save thousands by the time you retire by switching to a cheaper investment platform, in which case it "would be daft not to do it", says Tony Hazell in the Daily Mail.

When it comes to your household finances, plan to tackle one bill at a time. "Millions of people have lapsed from their initial-offer rates onto standard rate for all manner of bills, from electricity and gas to TV services and the gym," says Kate Hughes in The Independent. "Pick one bill each month and cut the cost."

Your mortgage is likely to be your biggest monthly expense so take strides towards paying it off. Plunging interest rates mean "now is the time to strike to knock years off your home loan term or save thousands in interest", says Jessie Hewitson in The Sunday Times. Find out what interest rate you are currently paying and whether you would pay any charges to switch now. Then look to see if you could get a lower-rate deal. If you can get a lower rate – which you probably can in the current market – switch, but keep your mortgage repayments the same. Moving from a rate of 4.24% to 1.39% but keeping your repayments the same would allow you to shave seven years off a £150,000 mortgage, saving £8,871 in interest, according to Hewitson.

"It's so easy to sign up for things on trial and then forget to cancel"

Finally, keep an eye on your credit-card statements. "It's so easy to sign up for things on trial, then forget to cancel," Sir Steve Webb, director of policy at Royal London, told the Daily Mail. Check your spending, cancel any subscriptions you no longer use and raise any suspicious activity with your card provider.



Take a careful look at your money in 2020

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Don't miss tax return deadline

If you are self-employed, rent out a property or earn income from savings, investments and dividends, you need to fill out a tax return. The deadline for the 2018/2019 return is 31 January 2020. But with less than a month to go, over five million of us have yet to complete our forms, according to HMRC, even though a record 3,003 of us spent Christmas Day doing so.

You'll need to file your return online by the end of the month to avoid a penalty. If it is your first time filing online, you'll need to register at gov.uk. It takes up to ten working days for HMRC to send you the reference and activation code you'll need to log in, so register soon.

Gather all your receipts before you start. "If you need receipts to make an expense claim, you may still be able to use other evidence such as bank or credit-card statements if it turns out that you've lost the physical receipt," notes Danielle Richardson in Which.

Miss the deadline by up to three months and you'll face a £100 penalty. If you still haven't filed by 30 April, you'll face an extra £10 a day penalty up to a maximum £900. Once you've filed don't forget to pay the resulting bill. This is due on 31 January too.

Pocket money... dying gets even dearer

Monday 6 January was nicknamed "Divorce Day" this year: it was the first day back at work, which is when divorce inquiries with solicitors tend to rise sharply.

"The stress of trying to create the perfect Christmas and money troubles are cited as the main reasons why couples decide to break up at this time of year," says Lucy Warwick-Ching in the Financial Times.

2020 could mark a big change for divorce, with a new bill proposing to change the law for the first time in almost 50 years. "If enacted, couples will no longer need to cite 'faults' such as adultery or unreasonable behaviour to end their marriage, but can separately or jointly file a statement of irretrievable breakdown." Experts warn that if you are heading for divorce, don't forget about all your marital assets. "It's not uncommon for people to focus on the bigger financial assets such as the family home, during a divorce," Zoe Bailey, a director at Tilney, an investment group, told the FT. "Often people forget [about] their pension pots – which in some cases can turn out to be worth more than the family home."

Last year saw the cost of dying rise even further. The price of a basic funeral has now reached an average £4,417, "but bereaved families who opt for a budget cremation can cut the bill by nearly two thirds," says Tanya Jefferies on This is Money.

A direct cremation, in which you are cremated without a service and your ashes are returned to your family, will cost your nearest and dearest an average of £1,626. The price has steadily dropped over the past few years, yet few families opt for it. The main reason for this is a lack of awareness, with some funeral directors not telling clients about it. After a direct cremation your family can then choose to have a wake or memorial service to suit their budget. On average we spend £2,306 on this part of a funeral.

"Borrowers should be able to find a mortgage using a high-street cash machine within five years," reports The Sunday Times. ATM company Diebold Nixdorf, which owns 25% of Britain's ATMs, is "in talks with banks about introducing... loan applications and video chats with mortgage advisers to cashpoints."

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Set up a pension for your children

The power of compound interest should boost their long-term savings

David Prosser
Business columnist

Contributing to their retirement fund could prove very useful

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Families thinking about how to save and invest most efficiently during 2020 shouldn't overlook pensions for children. Many people don't realise that in addition to their own pension contribution allowances they can put money into someone else's savings. And even if the recipient is a non-taxpayer, as most children are, they're still entitled to tax relief on the contribution.

Investing £3,600 a year, the maximum allowed, on behalf of a child will cost you only £2,880. The provider you choose then claims an additional £720 from the taxman to top up your contribution.

Setting up a pension for your children might seem odd, not least because there's a good chance you won't be around to see them cash it in. But HM Revenue & Customs said last year that 60,000 families have opened pension plans for kids.

The key argument in favour of such arrangements is the power of compound investment returns over the long term. If you pay the maximum into your child's pension each year until they turn 18 and the plan achieves a return of 5% a year, they'll have a pension fund worth £1m by the time they reach age 64.

The downside to pensions is that they're inflexible. Under current rules, you can't cash in a pension until the age of 55 and this limit is due to increase over time as the state retirement age creeps up.

So all the savings you're putting by won't be available to help children with financial priorities early in their adult lives: the cost of further education, buying a first house or starting a family, say.

Nevertheless, those priorities are exactly why many people don't get round to starting a pension plan until later in life. Even among occupational pension schemes, opt-out rates are much higher among younger people.

And since pension saving works best the earlier you start, taking this worry off your children's hands could prove very useful indeed.

Will the rules change?

One caveat is that future governments could change the rules so that pension saving becomes less tax-efficient. It's now also much easier to pass on pension savings to your heirs. So one alternative to setting up designated plans for children is to maximise your own contributions in order to increase the chances of there being money left over.

If you die before 75, your heirs will usually inherit what is left of your savings free of tax; even after age 75, you can still bequeath pensions cash, though it's likely that tax charges will be payable.

Vanguard leads charge on fees

Good news for pension savers worried about charges – as all pension savers should be. Vanguard, the giant US asset management company, is set to launch the UK's cheapest-ever pension fund.

Vanguard has been promising a new pension product for more than two years. But the long wait appears to have been worth it. The group's self-invested personal pension (Sipp) will carry an annual fee of just 0.15%, with charges capped at £375. That's less than half the cost of similar Sipps elsewhere.

Savers opening a Vanguard pension will have to pay additional charges on the underlying funds in which they invest, as well as transaction costs when buying and selling investments. But that's true of other Sipps too and independent analysis suggests that for the typical saver, Vanguard's new product will be the cheapest deal going.

Pension advisers expect the new plan to be popular, which should prompt rival providers to review their own charges. In which case, fees could drop across the board in 2020 – and if you already have a Sipp, it's worth reviewing the market to see if you're getting the best deal.

Tax tip of the week

Married or civil-partnered couples who are separating should be aware of the private residence relief (PRR) "cliff-edge trap", says the Tax Tips and Advice newsletter. Individuals are entitled to an exemption from capital-gains tax (CGT) if they sell their main private residence at a profit. Couples, however, only get one house between them. PRR currently applies to the last 18 months of your ownership of a property. But from 6 April 2020 that time span falls to nine months. "In the real world" that may not be enough for a couple splitting up to agree what to do with the family home and finalise a sale. That implies that if one partner stays in their previous home, the spouse moving out could end up with CGT to pay if they still own a stake in it after nine months. To pre-empt any liability, ensure you sell your property before the new tax year begins.

State pensions on the rise

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While Boris Johnson (pictured) promised to hold a full budget within 100 days of his election victory, many of the details of next year's state pension increases were unveiled last month. The budget will confirm the final figures, but the changes, which come into effect in April, are based on the "triple-lock" formula. This guarantees that state pensions will rise in line with the highest of inflation, average earnings, or 2.5%.

Back in October, the date at which this assessment is made, earnings growth was running at around 4%. As a result, the full new state pension will be £175.20 a week, up from the current £168.60. Alternatively, for those who reached the state pension age before April 2016, and receive the basic state pension, the weekly payment is rising from £129.20 to £134.25.

However, these are only headline rates. The most recent government data suggests only two-thirds of people receive the official figures; some get more and many get less, depending on the national insurance contributions they've paid. If you're not sure about your entitlement, ask for a state pension forecast.

In another change to state pensions in 2020, the increase in state pension age will continue. By October, men and women will have to wait until their 66th birthdays to claim state pension benefits for the first time. There will then be a standstill period, with the age due to rise again, from 66 to 67, between 2026 and 2028.

Why investors should venture into VCTs

A professional investor tells us where he'd put his cash. This week: Alex Davies, founder of high net-worth investment service Wealth Club, picks his top VCTs

This year marks the 25th anniversary of the introduction of venture capital trusts (VCTs). The idea was to encourage investors to support young and innovative businesses in exchange for generous tax concessions. Since 1996, VCTs have raised £8.4bn and helped thousands of private companies grow – from GO Outdoors, Secret Escapes, Everyman Cinemas and Five Guys to Zoopla, the first VCT-backed £1bn company. When you invest in a VCT you receive up to 30% tax relief. So on a £10,000 investment you could get back £3,000. All returns, typically paid through dividends, are tax-free. The annual allowance of £200,000 is both generous and straightforward.

There is a catch, though. VCTs are not open all year round. Demand for the popular ones far outstrips supply and they sell out quickly. So if any of the below whet your appetite, to avoid missing out invest now rather than waiting for the new tax year.

The best of both worlds

The **Northern VCT** was one of the first to launch 25 years ago. If you had invested £10,000 at launch and reinvested dividends you could now be sitting on a tax-free pot of £47,837. If you factor in the initial tax relief and the relief on the dividend reinvestments, that figure would be £63,797.

This helps explain why last year's offer was sold out in just 11 days. There are now three VCTs offering access to "the best of both worlds": old-style investments (mainly management buyouts), which should provide some stability, as well as new younger and riskier plays with greater growth potential. Holdings range from AVID Technology Group – a manufacturer of electric vehicle components – to The Climbing Hangar, a chain of indoor rock-climbing venues.

A strong record

Another manager with a great record and loyal following is Mobeus. To date the **Mobeus VCTs** (there are now four altogether) have handsomely rewarded investors. If you had staked £10,000 on the combined 2010/2011 offer, by June 2019 you could have received around £9,800 in dividends alone before tax relief. If you invest now you get access to a diversified portfolio equally split between larger, established businesses such as Virgin Wines and Access IS (which makes boarding-pass scanners for airports) and younger rising stars such as MPB, a marketplace for second-hand photographic equipment. The former provide considerable income to support dividend payments; the latter offer growth. Nearly half of the portfolio companies are profitable.

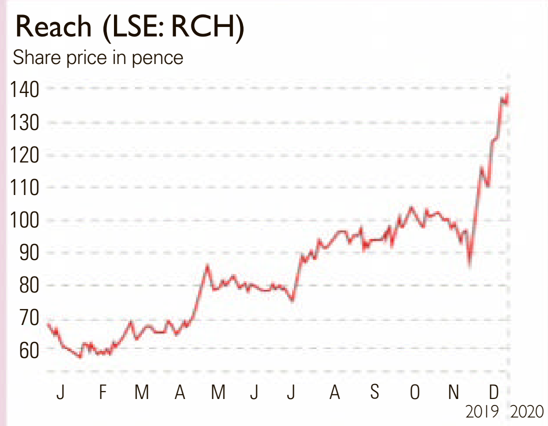
"New investments include Depop, an online market-place for vintage clothing"

Octopus: a tentacle in every pie

Octopus Titan VCT (LSE: OTV2) looks for pioneering companies with the potential to go global. It has had a string of high-profile exits, most notably Zoopla. Others include SwiftKey (sold to Microsoft), and Graze. At £825m of net assets, Octopus Titan is the largest VCT and with over 75 investee companies it is highly diversified.

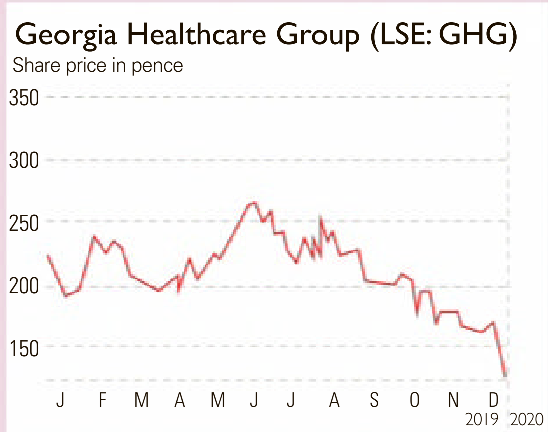
There is a good mix of established businesses such as travel members' club Secret Escapes and Calastone, the fund trading platform, and new businesses with the potential for high growth. New investments include Depop, an online marketplace for vintage clothing with 13 million users worldwide.

If only you'd invested in...

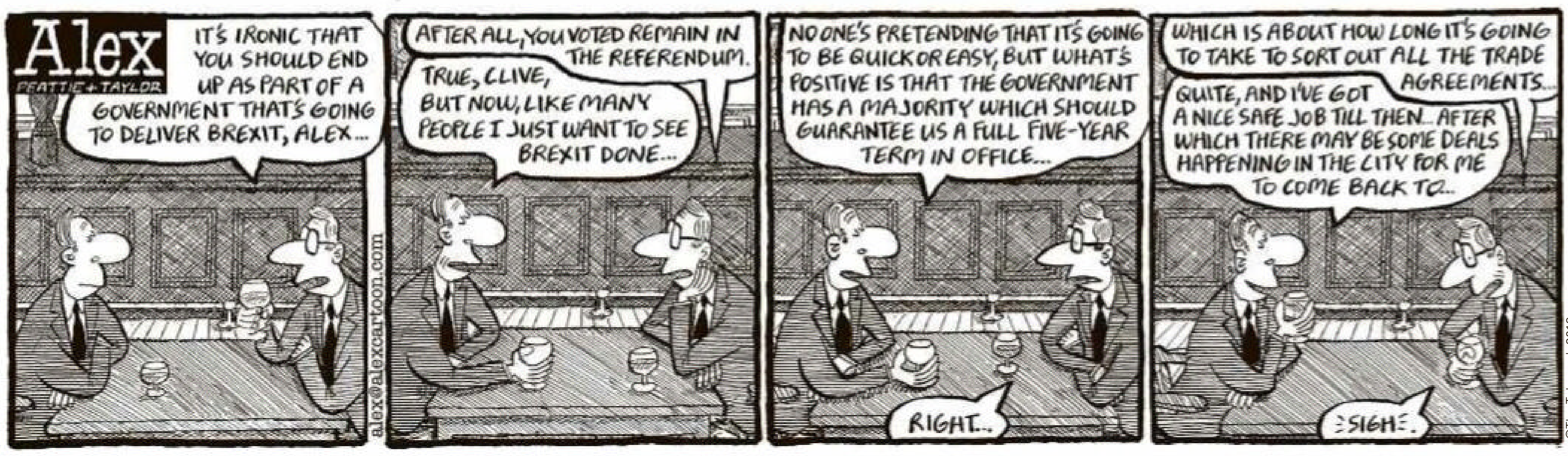


Reach (LSE: RCH) is a British print and digital publisher. Formerly called Trinity Mirror, it publishes national newspapers including the Daily Mirror and Daily Express and more than 200 regional papers, along with local news websites. It appears to be countering the decline in print media by growing its digital offerings, though print still contributes the majority of revenues. Profits are on the rise and debt has fallen sharply in the past year. A positive trading update in November prompted investors to pile in, driving the share price up by more than 100% in 12 months.

Be glad you didn't buy...



Georgia Healthcare Group (LSE: GHG) is the biggest healthcare provider in the former Soviet republic of Georgia. It runs 50 hospitals and clinics along with 270 pharmacies, while 230,000 people are covered by its medical insurance arm. Revenues and profits are rising: they gained a respective 13% and 21% year-on-year in the nine months to the end of September. Georgia announced its first dividend in 2018. Investors seem to have taken fright recently, however, perhaps because higher interest rates in the country will increase the cost of debt. The stock is down by 40% in a year.



Le Cost Killer's great jail break

Carlos Ghosn, the former Nissan boss charged with fraud, fled captivity in Tokyo and is now a fugitive in Lebanon. His memoirs should make for fascinating reading, says Jane Lewis

When Carlos Ghosn was languishing in jail in Tokyo last year he was reported by Le Figaro to be like "a lion in a cage" – pacing his 16ft x 10ft cell and telling the few influential figures who agreed to meet him to "get me out of here". In the end, he pulled off that stunt himself – engineering an "audacious flit" to the Lebanon, by way of Turkey, having made a mockery of the supposedly water-tight surveillance under which he had been bailed, says the FT. The only pity, given that Ghosn, 65, was accused of "a big fiddle" was that, contrary to early reports, the former Renault-Nissan boss was not smuggled out of his Tokyo house in a large musical instrument case.

Spilling the tea

Now officially an international fugitive, Ghosn left a trail of chaos and recriminations behind him, says Bloomberg. Nissan executives are "quaking at all the tea he claims he is about to spill about the company". But that's nothing compared with the drubbing he dished out to Japan's "rigged" justice system in a hotly anticipated press conference in Beirut this week, where he denounced his detention as "a travesty against my human rights", vowed to clear his name and declared he is ready to stand trial "anywhere I can receive a fair trial". Ghosn, who had reportedly terrified the Nissan old guard with plans to push through a formal Nissan-Renault merger, named a cabal of executives allegedly involved in the "plot" to oust him and hinted that the conspiracy may have extended into the Japanese government.

Born in Brazil to Lebanese parents – his father, Jorge, worked in the airline industry and was constantly on the road – Ghosn is the "quintessential global citizen", says the FT. He speaks four languages: French, English, Arabic and Portuguese and says he "can't make a distinction about his roots". Certainly, Lebanon will feel like home – he moved there with his mother and siblings when he was six. A "rebellious child", who loved history and had a gift for maths, he studied engineering at the prestigious École Polytechnique in Paris – hence his top notch connections there – before landing his first job at Michelin. In 1996, he took the top job at Renault and when the company merged with the ailing Nissan three years later won the soubriquet "Mr Fix-it" for his turnaround job there. In his pomp, when he was running two vast car companies at the same time, Ghosn was feted by Fortune as "a Machiavelli of management" and by the Harvard Business Review as "the very embodiment of globalisation". Famously known as "Le Cost Killer" in France for his tough-love revival of Renault he was viewed as a super-hero in Japan – he was even portrayed as the central character in a series of best-selling manga comics.

"Ghosn is believed to have accumulated a fortune estimated at €175m"

The jet-set monk

Ghosn was known as "the hardest working man" in a "brutally competitive business", says Forbes. In 2014, he confessed to living "like a monk": keeping to a strict schedule of eating, sleeping and exercise as he criss-crossed the world in his corporate jet. He appears to have enjoyed a rather more spacious lifestyle, in a succession of beautiful houses around the world, since his marriage, says The Times, and is believed to have accumulated a fortune estimated at €175m. Life in Lebanon should suit him fine "as a local boy made good". If all else fails, he can always write his memoirs, says The Washington Post. Hollywood is no doubt "already scrambling to obtain the rights to Ghosn's adventure. Tom Hanks to star, perhaps?"

Great frauds in history… *Reed Slatkin's Investment Club*

Born in Detroit in 1941, Reed Slatkin was converted to Scientology by his uncle as a teenager, studying with the religion's founder L. Ron Hubbard and eventually becoming an ordained minister in 1975. He would later use his position within the Church to set up an unlicensed investment club, which ran from 1986 to 2001, with around 800 investors, including the actor Giovanni Ribisi (who ironically starred in the 2000 film *Boiler Room* about penny-stock fraud), contributing a total of $593m. Slatkin would also play an important role in co-founding the internet service provider Earthlink in 1994 with Sky Dayton.

What was the scam?

The Reed Slatkin Investment Club claimed that it was producing annual returns of around 24% a year (minus fees amounting to 10% of profits) through a combination of clever stock trades and investments in start-up companies. However, with the exception of Earthlink, investors' money was either wasted on failed business ventures, such as a theme park that was never built, or siphoned off by Slatkin himself, who used the money to collect pictures, cars and aeroplanes. It was essentially a Ponzi scheme – investors were paid with money from new arrivals.

What happened next?

Slatkin's refusal to register as an investment adviser led to an investigation by the US regulator. Although Slatkin agreed to get out of the investment-management industry, he continued to take in fresh funds. However, the bursting of the technology bubble led to a rash of client withdrawals that he couldn't meet. The subsequent lawsuits by disgruntled investors prompted him to declare bankruptcy, sparking an investigation by the FBI and IRS. Slatkin was eventually convicted of several counts of fraud in 2003 and sentenced to 14 years in jail. He died in prison.

Lessons for investors

Of the $593m invested in Slatkin's fund, only around half was returned to investors, mainly in the form of payments to early investors (though some of these were later clawed back). Slatkin's scam is a classic example of affinity fraud, where social connections and a shared affinity (in this case to Scientology) help persuade people to invest in fraudulent schemes. The failure of Slatkin's club highlights why you should make sure that any scheme or adviser you are considering investing with is properly registered with the authorities.

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Welcome 2020 with these classy wines

To ease ourselves into 2020, I have selected six wines from the amazing team at Swig; each wine has been chosen for its ability to soothe the palate and calm the senses. All three whites are unoaked, sleek and perfumed while the trio of reds includes brightly fruited, medium-weight, refreshing styles to lift your mood and set the scene for the coming year. Swig always trim their prices considerably for this wine club, and I know that readers greatly appreciate this generosity of spirit. You can save nearly £38 on the mixed case, giving you two bottles of each wine below. Then I suggest you give Swig a ring and spend this windfall on a few more of their incredible and unique finds.

Happy New Year!

Matthew

Matthew Jukes

- **All wines come personally recommended**
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Prices shown below are per case of 12 bottles. Wines are also available in a mixed case, giving you two bottles of each for **just £150** — it's a chance for you to try them all, and is the most popular choice with *MoneyWeek* readers!

~~£14.95~~ £11.95

2018 Camaleo, Alvarinho, Minho, Portugal

As the years pass, I fall deeper in love with the Alvarinho grape at the same time as tiring of the overly perfumed, inexpensive Spanish versions, where this grape is called Albariño. Camaleo is a pure style which flows across the palate calming every single taste bud with its floral tones. With more depth of fruit than a traditional Vinho Verde, this is a thrilling wine with an awful lot of class. See if you can spot the Chameleon on the label change colour when the wine is the right temperature to drink. I missed this – perhaps I was too thirsty!

CASE PRICE: £143 — saving £36.40

~~£11.95~~ £9.95

2018 Laurence de Veyrac, Viognier, Sélection Parcellaire, Pays d'Oc, France

I cannot believe the value here; this is a highly complex wine with a modest and engaging approach on the palate. The Viognier perfume is bright and accurate, yet not too tropical or imposing, making it a joy. Gentle fennel and wildflower notes mingle with crystalline honey touches and unripe peach skin. This beguiling white is akin to a summer stroll through the Languedoc countryside. Simply gorgeous with fresh fish and seafood dishes, particularly if you're using aromatic veg, garlic, scented herbs or saffron in your recipe.

CASE PRICE: £119 — saving £24.40

~~£19.95~~ £16.50

2018 Bourgogne Pinot Noir, Les Brûlis, Domaine de Mauperthuis, France

I tasted two red wines from this estate and I liked both of them. Les Brûlis got the nod because it was so attacking and energetic on the nose and palate (if you're keen to taste the other one, it's the 2017 Grande Réserve). This young, sonorous red has true fruits-of-the-forest notes on both the nose and palate. Even though it is a slim, slinky-hipped red it still packs a punch of flavour that many red Burgundies can only dream of. I'm often disappointed by fighting-priced Pinot Noir, but this wine is a splendid discovery.

CASE PRICE: £198 — saving £41.40

~~£16.00~~ £13.50

2018 Winter, Riesling Trocken, Rheinhessen, Germany

"Trocken" means "dry" and this is a precise and invigorating Riesling. Unlike so many trockens out there that seem to load fruit juice notes into the mid-palate, this wine has crunchy acidity that underpins the lime juice theme, meaning it's dry and raspy on the finish. Winter is designed for ultra-modern cuisine – sushi and sashimi, Thai fresh spring rolls, Pad Thai with loads of lime juice squeezed on top, coconut milk themed curries and spicy squid and prawn dishes. This is a vital wine in your fridge!

CASE PRICE: £162 — saving £30

~~£17.00~~ £13.50

2017 Chianti Rufina, Cedro, Fattoria Lavacchio, Tuscany, Italy

I attended a wedding at this property last year and it is a truly beautiful set up. The wines are what I affectionately call "gluggers" - not too heavy or chewy. Youthful, buoyant and refreshing, this fresh Sangiovese is red fruit themed with crisp acidity on its finish. There is a light dusting of tannin here, but it is largely overtaken by the ebullient fruit. It's a good all-day red, as I found out while standing under their magnificent cedar tree, which features on the label!

CASE PRICE: £162 — saving £42

~~£13.95~~ £11.50

2016 Mas Brunet, Cuvée du Mazet, Languedoc, France

I am a huge fan of this estate and its utterly delicious wines. Situated around 40 minutes north of Montpellier, Mas Brunet makes Côtes-du-Rhône-shaped wines but with more lift and vivacity than you might have thought possible from this style. With a mere 13% alcohol on board, and made from Carignan, Cinsault, Grenache, Mourvèdre and Syrah, Cuvée du Mazet is a polished, spicy, medium-weight red with a faint whiff of woodsmoke in among the heady red and black fruit flavours. It is the definitive red wine for all palates and occasions.

CASE PRICE: £138 — saving £29.40

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Getting lost in the markets of Marrakesh

La Sultana is a perfect retreat from the hustle and bustle of Morocco, says Chris Carter

"Don't go into the souk," warned the gentleman in the bright red livery of the La Sultana Marrakesh with a smile. "You will get lost." True, the sun was already setting over this most North African of cities. But the pull of a twilight walk around the Djemaa El Fna, Marrakesh's bustling market square, was too much to resist. First, however, you have to get there.


Enjoy a delicious meal and the view of the Atlas mountains

An oasis of calm

Stepping outside the five-star hotel comes as a shock. That's because La Sultana is an oasis of calm in a city of frenetic activity. It is formed from five adjoining riads, nestled in the heart of the famous medina, and furnished with impeccable taste. It is like walking into the centre pages of a style magazine. The traditional tadelakt sculpted plaster and the creaminess of the marble is in perfect harmony with the greenery of the succulents and cactus plants dotted around the ornamental pools in the courtyards, and the orientalist statues in the alcoves. The attention to detail extends into the 28 rooms and suites.

My impossibly luxurious "Jaguar" suite featured a delicately painted mural of Berber maidens above the Jacuzzi in the pink marble bathroom, under which a vaulted staircase curved round and down to the entrance on the ground floor. More statues in the alcoves guided the way. In the master bedroom, carved wooden ceilings ran into the lounge, where the tight red brickwork was lit up by low lighting. From the lounge, you could access the terrace, or the twin room via a short, atmospheric passage. Or step up in to the snug study to peer over the balcony at the indoor swimming pool and restaurant, shaded by palms. In the evening, a musician sat by the water, softly playing his lute-like oud.

Into the melee

Throughout the maze of tranquil courtyards, passages and stairs of the hotel, there is not so much as a speck of dust. That might sound obvious in a hotel such as this, but it is easy to forget how close you are to the action. As I say, stepping outside comes as a shock. Whining scooters zip by, cats and dogs run in the street and locals go about their business, stopping to chat, or carrying boxes of barbary figs to market. The Djemaa El Fna is a ten-minute walk, passing the beautiful 12th-century Moulay el Yazid mosque on the way. On one of its chimney stacks, a pair of white storks was nesting high up, out of the noise and dust.

A place to roost

Night had transformed the Djemaa El Fna into a miasma of smoky lights and the savoury sweet smell of stews cooking on charcoal. Mixed up in the market din was the kazoo-like melody of the snake charmer's pungi, playing to the crowds of hypnotised tourists. Narrow lanes lead off behind the square into the bazaar, enticing those same tourists with their tantalising flashes of burnished copper. Brightly lit boutique recesses display everything from metal plates, teapots and trumpets to colourful fabrics, Moroccan spices and leather bags. The cries of the shopkeepers pull you in deeper. Soon, it was time to turn back, but not before taking a leaf from the nesting storks by heading to a rooftop café overlooking the square. After all, the best way to make sense of Marrakesh is to rise above the hurly-burly.

> *"The most peaceful spot in Marrakesh for relaxing and losing yourself is La Sultana's inner sanctum – the spa"*

The rooftop terrace back at La Sultana, the biggest in the medina, offers another such vantage point. It's quiet too. One explanation is the hotel's immediate neighbours to the north, just before your eyes arrive at the Moulay el Yazid mosque, with its beautiful blue-tiled minaret. They are the long-dead sultans, sultanas and viziers, who ruled Morocco centuries ago, now resting in the Saadian Tombs. In the distance, with a preprandial glass of Moroccan wine in hand, the snow-capped Atlas Mountains sit on the horizon. Dinner that evening was in the gorgeous poolside setting of the La Table de La Sultana restaurant – the one below my balcony. First came a selection of little meze dishes: aubergine, carrots, sliced cucumber and lentils. Then came a lamb tagine in a velvetine apricot sauce.

But the most peaceful spot in Marrakesh is La Sultana's inner sanctum – the spa. Five columns supporting a vaulted ceiling frame a shallow pool that runs down the middle. Everything is in pink marble save for the Moorish metal lanterns and the heavy wooden doors of the treatment rooms. A massage there really is the perfect way to relax and lose yourself.

Chris was a guest of La Sultana Hotel. From £289 a night, see lasultanahotels.com


Rise above the hurly-burly

This week: houses with home offices – including a 17th-century property in Newark, Nottinghamshire, a Victorian

▲ **Rixlade Barns and Courtyard Barn, Greencliff, Abbotsham, Bideford, Devon.** A five-bedroom barn conversion with beamed ceilings, wood-burning stoves and bifold doors leading onto a courtyard. There is a studio annexe with a home office. 4 main beds, 2 baths, recep, one-bed annexe, 6 acres. £1.1m+ Jackson-Stops 01271-325153.

▶ **Glanton Pyke, Alnwick, Northumberland.** A Grade II-listed Georgian house with a wing that has been converted into an office suite that opens onto a courtyard. The house has a library with walnut bookcases and a Victorian orangery. 4 beds, 3 baths, 4 receps, 2-bed flat, 2-bed cottage, outbuildings, paddocks, 18 acres. £2.5m Strutt & Parker 01670-516123.

▶ **Fruit Farm, Collingham, Newark, Nottinghamshire.** A Grade II-listed village house dating from 1642. There is a detached office with a vaulted ceiling, skylights, a mezzanine, kitchenette and shower room. The house has beamed ceilings, open fireplaces with wood-burning stoves and an oak-framed conservatory. 4 beds, 2 baths, 2 receps, gardens. £699,950 Savills 01522-508908.

country house in Ainstable, Carlisle, and a five-bedroom barn conversion in Bideford, Devon

The Barge, Great Walsingham, Norfolk A Grade II-listed, 18th-century brick and flint cottage conversion surrounded by large gardens in a conservation area on the edge of a village. The house has a low-carbon, architect-designed annexe laid out as an open-plan office with a kitchenette and a shower. 4 beds, 3 baths, open-plan kitchen/ living area, second kitchen, attic studio, double garage, range of timber outbuildings, 0.25 acres. £1.1m Bedfords 01328-730500.

Hampton Cottage, Hampton, Wiltshire. A Grade II-listed house set in large gardens that include a wooden office with heating and electricity. The house has beamed ceilings, wood-burning stoves and a two-bed annexe. 5 beds, 2 baths, recep, conservatory, pool, 0.75 acres. £998,000 Butler Sherborn 01285-883740.

The Dovecote, Hessay, North Yorkshire. This renovated, 18th-century village house was originally the barn and stables to a neighbouring farmhouse. The house comes with a home office adjoining the garage and retains many period features, including a number of its original ceiling beams. It has a contemporary fitted kitchen and a conservatory. 4 beds, 2 baths, recep, garden. £585,000 Carter Jonas 01904-558200.

The Old Vicarage, Ainstable, Carlisle. A renovated Victorian country house in an elevated position overlooking Eden Valley with views towards the Lakeland Fells. The house has a large first-floor office, a one-bed cottage and a contemporary, open-plan ground floor with bifold doors leading onto the gardens. 5 beds, 4 baths, 3 receps, breakfast kitchen, grounds, 5 acres. £1.2m Fine & Country 01228-583109.

The Malthouse, Shutford, Oxfordshire. A Grade II-listed, 17th-century house with a contemporary extension. It is situated in an elevated position in the village of Shutford. The large gardens include a detached stone barn currently used as a home office. The house has beamed ceilings, large inglenook fireplaces, wood floors, stone-mullioned windows and a kitchen with an Aga. 5 beds, 2 baths, 2 receps, garden room, cellar, wine cellar, greenhouse. £850,000 Savills 01295-228010.

Aston Martin heads off road

Britain's supercar maker is branching out into SUVs. Its new DBX looks a winner, says Nicole Garcia Merida

"Aston Martin is entering uncharted waters with its latest automotive offering," says The Sunday Times. The British carmaker has unveiled its first ever attempt at a luxury SUV: the all-new DBX. The company claims it will feature "cornering and braking performance on a par with its sports car and grand tourer models", and is sure it will be the "most exciting SUV on the market" when it launches in spring of this year.

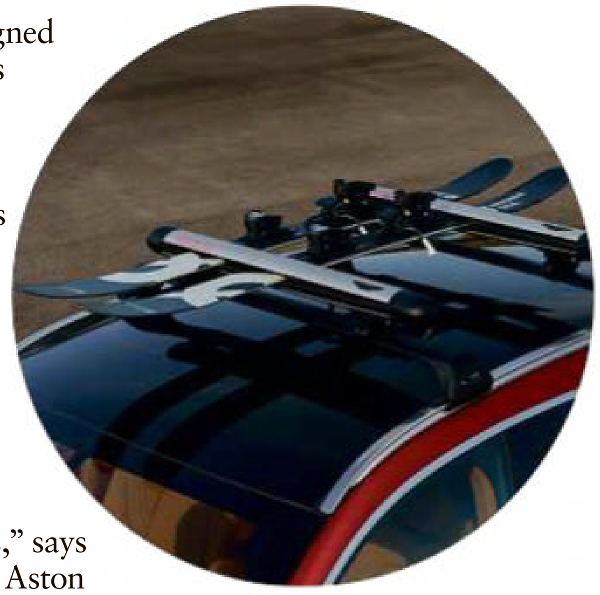
It's certainly well poised to be a strong contender. The DBX will feature a powerful V8 engine, producing 542bhp – a 39bhp increase over the Vantage, the company's long-standing sports car. The DBX blends the "sporting performance and unrivalled style" that Aston is known for with "new levels of space, practicality and refinement", says Matt Allan in the i newspaper. Despite its heft, it will reach 60mph from rest in a lightning 4.5 seconds and go on to a top speed of 181mph.

And its off-road credentials are impressive too, says Andrei Nedelea in Auto Evolution. "It just begs… to be dragged off-road, whereas its other super SUV rivals are still mainly intended to be used on tarmac." The car can be raised by up to 45mm, making off-road driving easy and smooth and it has a "decent wading depth of 50cm". In its sportiest mode, the DBX hunkers down by 15mm and sends all of the engine's power to the rear wheels, which makes it "remarkably lively and willing to oversteer on track".

The chassis brings "sculpture and sleekness to a sector perhaps not normally known for elegance", says Allan. "The trademark DB grille instantly identifies this as an Aston Martin" and the small ducktail at the back gives a nod to the Vantage. The interior – designed with help of external sources and Aston's female advisory board to "make sure it's usable for the full range of drivers and customers" – is spacious and luxurious. The DBX offers "class-leading" amounts of space for passengers and a full-length panoramic sunroof.

The interior can also be tailored to customers' taste, with a selection of materials to choose from. "Trim options will include a pet pack for dog owners including a mini shower unit, as well as an event pack for spectators including a tailgate seat, picnic hamper and blankets," says Andrew English in The Daily Telegraph. Aston Martin's first venture into the world of luxury SUVs looks set to be a big seller.

Price: £158,000. 0-60mph: 4.5 seconds. Engine: four-litre, twin-turbo, V8. Top speed: 181mph. Power: 542bhp. Torque: 516lb ft.



"The DBX brings new levels of elegance to the SUV sector"

Wine of the week: Kiwi sauv is back on track

2019 Greywacke, Sauvignon Blanc, Marlborough, New Zealand

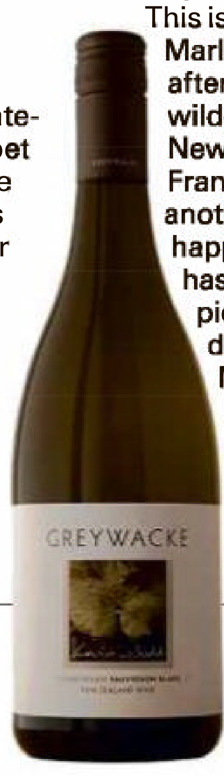
£22.99, or £19.99 on a mix six deal, majestic.co.uk; £17.99, laithwaites.co.uk; £18.99, or £14.99 each for six or more bottles, nzhouseofwine.co.uk; £19.99, reduced to £14.99, northandsouthwines.co.uk; £17.99, reduced to £15.75, nywines.co.uk

Matthew Jukes
Wine columnist

I remember, to this day, the perfume and vivacity of 1987 Cloudy Bay Sauvignon Blanc like it was yesterday. I was working in my very first job in the wine trade and this was the most sought-after bottle in the world, at the time. Founding winemaker Kevin Judd made 25 vintages of this pioneering wine, from its inaugural vintage in 1985. Today, he makes wine under his own brand, Greywacke, and it is interesting that, three decades on, this newly released vintage is about a pound cheaper, and an awful lot classier, than that life-changing flavour I tasted back in 1987.

Of course, Marlborough was made up of only a few strips of vines back in the late-1980s, and today it is a carpet of vines from one end to the other, but Kevin has always made keen, chiselled, linear wines with apple skin and cucumber freshness, and this is what I seek in my sauvignon blancs. He never dipped his toe into the floral, bath bomb and fruit-salad-scented wines so beloved of the high street, favouring instead serious, handsome, angular creations that hark back to the great wine of the Loire Valley.

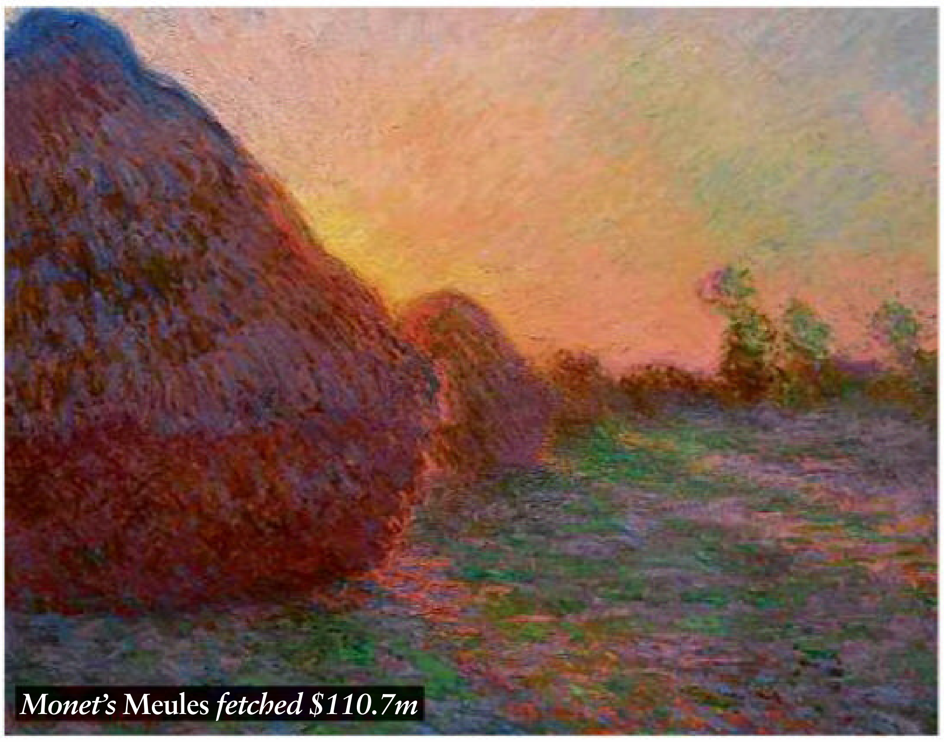
This is, thankfully, where Marlborough is finally heading after years in the tropical-fruit wilderness. If you have been to New Zealand and come back to France, then it is time to have another peek at what is happening in Aotearoa. Kevin has never wavered and this pioneer and his fellow disciples are today steering New Zealand sauvignon blanc back on track.



Matthew Jukes is a winner of the International Wine & Spirit Competition's Communicator of the Year (matthewjukes.com).

The art market endures

Wealthy Americans stepped up to help calm jitters in 2019. Chris Carter reports.



Monet's Meules *fetched $110.7m*

There were some big art sales in 2019, but much of the action came within a month. Claude Monet's *Meules* (1890) sold for $110.7m in New York with Sotheby's in May, raising the nominal price bar for an Impressionist painting. That price was far in excess of the estimated $55m – a valuation that was 22 times higher than its previous auction sale price in 1986, but one that was justified in the eyes of Sotheby's Impressionist department head August Uribe. It was, he said, "the best one" of the 25 paintings in the *Haystacks* series, still in private hands.

So maybe it wasn't all that surprising that it made nine figures. After all, pre-sale estimates tend to be conservative and another painting from the series had sold for $81.4m in 2016 with Christie's. The problem is, it was the only art work to make nine figures in 2019. And it only made nine figures once the fees had been added (the "hammer price" was $97m). Nonetheless, May also saw Jeff Koons's *Rabbit* (1986) fetch a record price for a work by a living artist – $91.1m at Christie's, again in New York. Robert Rauschenberg's *Buffalo II* (1964) sold for $88.8m and Andy Warhol's *Double Elvis [Ferus Type]* (1963) fetched $53m. That same month, Sotheby's in New York sold a Pablo Picasso (*Femme au chien*, 1962), a Francis Bacon (*Study for a head*, 1952) and a Mark Rothko (*Untitled*, 1960), each for over $50m. All in all, not bad. "Wealthy Americans showed their backbone," as Melanie Gerlis put it in the Financial Times.

Thank goodness they did. Trade wars, the threat of recession and uncertainty over Brexit had looked at one point to have scared away the guarantors, as Abby Schultz noted in Barron's Penta. These are the people who agree to stump up the money to buy a lot if it otherwise fails to sell at auction. Their presence injects confidence into the market. When they're not there, the market gets rattled, but the auctioneers pulled through in the end. "Amid a challenging global environment, demand for art remains strong and is reflected in our 2019 results, especially for modern and contemporary art," says Guillaume Cerutti, CEO at Christie's. Yet at the start of 2020, those uncertainties haven't gone away. Whether that demand remains strong will be the main question for this year.

Whisky breaks records

Rare whisky, on the other hand, went from strength to strength in 2019. Sotheby's in London raised £7.6m from the sale of a single-owner collection in October, which also saw a new record set for a single bottle – another 1926 Macallan, this time costing £1.5m (different bottles of the 1926 have broken the record three times over the past two years). From 7-17 February, Whisky Auctioneer (whiskyauctioneer.com) is hosting a sale of 3,900 rare bottles of whisky. "Expect it to far exceed its lowball £7m-£8m estimate," says whisky expert Fiona Shoop in The Daily Telegraph. It contains yet another 1926 Macallan.

Auctions

Going...

Former Australian cricketer Shane Warne (on the left in our picture) put his beloved "baggy green cap" up for auction this week to raise money for those affected by the bushfires in Australia. The proceeds from the sale will be donated to the Red Cross's disaster relief fund. Interest in the sale was so great that the Pickles auction website crashed soon after Warne announced the sale on Monday via Twitter, says Sky News. Bidders had until Thursday night to make their offer, with former England captain Michael Vaughan offering A$25,000 (£13,200). Warne wore the cap throughout his international test career from 1992 to 2007. The spin bowler hoped it would raise "some significant funds to help all those people that are in desperate need".

Gone...

The Olympic Manifesto, the transcript of a speech made by Pierre de Coubertin in 1892, has become the most expensive item of sport memorabilia to be sold at auction. It fetched $8.8m at Sotheby's in New York last month. In the handwritten transcript Coubertin spelled out his vision to see the Olympic Games of ancient Greece revived at the annual meeting of the Union des Sociétés Françaises de Sports Athlétiques. "Let us export rowers, runners and fencers; this is the free trade of the future, and the day that it is introduced into the everyday existence of old Europe, the cause of peace will receive new and powerful support," he said. The first International Olympic Committee was set up 18 months later.

The year art went bananas

Italian artist Maurizio Cattelan made headlines (most with puns) last month when he duct-taped a banana to a wall and then sold that "art installation" for $120,000. People queued up at the Perrotin gallery at Art Basel Miami Beach to take their picture with *Comedian* (as the banana was called). When it came to the turn of New York-based artist David Datuna, he peeled it off the wall and ate it. "Art performance by me. I love Maurizio Cattelan artwork and I really love this installation. It's very delicious," Datuna declared on Instagram. Luckily, Datuna "did not destroy the art work", Lucien Terras, a director at the gallery, told the Miami Herald. "The banana is the idea."

That's right, says Jonathan Jones in The Guardian. In the tradition of Marcel Duchamp (the artist who put a urinal in a gallery and called it *Fountain*), Cattelan is mocking the art world. "Nowadays, art can't get away from money," says Jones. "That's all anyone wants to know about it, and Dada gestures are part of the capitalist miracle." Still, it's no laughing matter for performance artist Rod Webber. After Perrotin removed the (restored) *Comedian*, Webber wrote on the blank wall in red lipstick: "Epstein didn't kill himself". He was arrested for vandalism. Artnet News reports he will appear in court next month. Webber has appealed to Datuna for help lest "a jury may be put in a position to legally decide what is and isn't art".

Boris takes the Churchillian view

The prime minister sparked controversy with his choice of holiday. But what did we really expect?

Whatever Boris Johnson got in his Christmas stocking, it probably came as something of an anti-climax given the large present he received just a fortnight before – the keys to No. 10. Still, at least he got to celebrate the season in plush surroundings. Shortly after taking power and vowing to lead a "people's government", Johnson jetted off to spend the festive period at a £20,000-a-week Caribbean villa, as Dan Bloom reports in the Daily Mirror. It has six bedrooms, three swimming pools, two bars and four dedicated staff, and is situated in Mustique, the 1,400-acre private island that has long been "a haunt of celebs and the royal family".

Mustique: a haunt of celebs, royalty and "one-nation shaggers"

©Alamy; Getty Images

> *"Johnson jetted off to spend the festive period at a £20,000-a-week Caribbean villa"*

Talk about this filled the papers, but surely few could have expected the new PM in such a short space of time to have become "something beyond the sum of his appetites and entitlement", says Catherine Bennett in The Guardian. And what place could be more appropriate for him and his latest squeeze Carrie Symonds (the pair are pictured) than Mustique, a "swank housing estate" made infamous by a series of "raucous parties" in the 1970s, involving such "classy residents" as Princess Margaret? One of her island bashes featured "that most royal of contrivances, a roll-top bath full of champagne"; another was attended by local lads wearing nothing but gold-painted coconuts. It's not hard to see the appeal for royalty, the social elite – and now for "one-nation shaggers".

Give the man a break, says Rosa Prince in The Daily Telegraph. Surely Johnson deserves a few days off after his election victory to enjoy cocktails poolside or stroll along the shore in the footsteps of Kate Moss and Mick Jagger. His decision to eschew the hair shirt suggests our PM "takes the Churchillian view of the need for a premier to take a proper break, to recharge the batteries somewhere sunny". Besides, if "you had the money to travel wherever in the world you wanted, wouldn't you go to Mustique for New Year too"?

PM who cancelled Christmas

You might well, but not all of Johnson's predecessors have been so undiscerning, as Tim Dawson points out in The Spectator. David Cameron, then pursuing austerity policies, had to rethink plans to travel to a luxury £1,000-a-night resort in Phuket, Thailand, after a media storm. Margaret Thatcher saw Christmas as an "inconvenience that slowed down her work transforming the country". In 1893, William Gladstone actually decided to cancel Christmas – "giving MPs only four days off". But if Johnson had wanted to tone down the hedonism for political reasons, without going for the hair shirt of Thatcher and Gladstone, he could have done worse than follow the example of Tony Blair, who spent his Christmas holidays at Chequers, the PM's official residence. He and Cherie would fill the house with family and friends and buy a 20-foot Christmas tree. Rituals included midnight mass and giving presents to the staff and police officers. "It's hard to imagine there could be anywhere more perfect to spend Christmas," Cherie wrote in her memoirs. It's certainly hard to imagine anywhere worse than Mustique.

Quintus Slide

Tabloid money… Ricky Gervais speaks truth to power

● **"We salute Ricky Gervais," says The Sun. The British comedian (pictured, with partner Jane Fallon) hosted the Golden Globes awards on Sunday in LA, and the "frozen grins" in the audience "said it all". The "hypocritical A-list have never had a kicking like it". Gervais hit the nail on the head when he said,"If you win, come up, accept your little award... and f**k off." For too long, politically correct film actors have lectured people on how to live lives more like theirs. "They tell us to cut back – as they fly around... in private jets... They tell us how to vote [always] cluelessly backing the left, safe in the knowledge no forced redistribution could ever really dent their vast wealth."**

● Cartoonist Gerald Scarfe is hoping to sell his "collection of memorable images from rock band Pink Floyd's 1982 film *The Wall* for a colossal £8m", says Sebastian Shakespeare in the Daily Mail. His painting *The Scream*, made for the film, sold for a record £1.4m in 2017 and now Scarfe is offering a further 3,000 items. "I could sell everything bit by bit and make more money – but I'd like it all to go to one buyer, preferably a museum," says Scarfe. The trove also includes paintings of *The Wife With Flaming Hair* (1979) and *The Teacher Walls Up The Innocent Children* (1979). San Francisco Art Exchange in California is handling the sale. The gallery has previously worked with Ronnie Wood of The Rolling Stones and rock-album illustrator Roger Dean.

● Sir Bryan Thwaites, 96, offered a "whopping" £1m to prestigious private schools Dulwich College and Winchester College to benefit poor white boys, says Nick Ferrari in the Sunday Express. They are, after all, "among the most underperforming groups in our schools". The schools turned down the money for "fear of being seen as discriminatory". Yet rapper Stormzy has helped black students go to Cambridge University "and credit to him". "Surely, what is accepted by all of us to be a positive move in the interests of black university students in Stormzy's case is just as welcome for financially poor white boys." When it comes to leaving money, we "must be allowed to do with our cash as we see fit – and that is a lesson all schools must learn".

©Getty Images

Bridge by Andrew Robson

Mancunian magic

On this week's deal, England international, Manchester's Justin Hackett, capitalised on a defensive misjudgment at trick one. West led the Queen of Diamonds and East elected to win the Ace, returning a second Diamond. Declarer, Mr. Hackett, rose with the King, felling West's Knave. Play on.

Dealer North — Both sides vulnerable

North: ♠ AQ104 ♥ AQ3 ♦ 1096 ♣ KQ10

West: ♠ 32 ♥ 984 ♦ QJ ♣ AJ8532

East: ♠ J965 ♥ K7 ♦ A532 ♣ 974

South: ♠ K87 ♥ J10652 ♦ K874 ♣ 6

The bidding

South	West	North	East
		1♠	pass
2♠	pass	2NT	pass
3♥*	pass	4♥	pass
pass	pass		

* Showing five Hearts and three Spades.

If declarer took the trump finesse at this point (low to the Queen of Hearts), East would win the King, give his partner a Diamond ruff and down he'd go. Sensing this danger (West was known to have no more Diamonds, as his Knave fell under the King), at trick three declarer led his singleton Club (key play). West had to rise with the Ace ("use it or lose it") and tried a Spade switch.

Winning the Spade in dummy, declarer cashed the promoted King-Queen of Clubs discarding his two Diamonds and was then (and only then) safe to play Ace-Queen of Hearts. East won the King and tried a third Diamond, but declarer could ruff high. He drew West's last Heart with his Knave and was soon claiming his game.

Ten tricks and game made – but it would have been a different story if East had ducked the first trick, thus retaining communications in Diamonds with West when he won his Ace of Clubs. Ducking the Ace of Diamonds would have been wrong if declarer held a bare King, but perhaps in that instance there'd be no way to defeat Four Hearts.

For all Andrew's books and flippers – including his new hardback The Next Level *– see andrewrobson.co.uk*

Sudoku 981

				5		6		7
			7		8			3
						1		
					2		8	
8		7						9
	4		3				5	
		3						
7			2	6	9			
1		9		4				

To complete MoneyWeek's Sudoku, fill in the squares in the grid so that every row and column and each of the nine 3x3 squares contain all the digits from one to nine. The answer to last week's puzzle is below.

1	9	7	2	3	8	6	5	4
5	8	4	7	9	6	1	3	2
2	6	3	1	5	4	9	7	8
8	3	9	6	1	7	4	2	5
4	1	6	3	2	5	7	8	9
7	2	5	8	4	9	3	1	6
6	7	1	4	8	2	5	9	3
9	4	8	5	7	3	2	6	1
3	5	2	9	6	1	8	4	7

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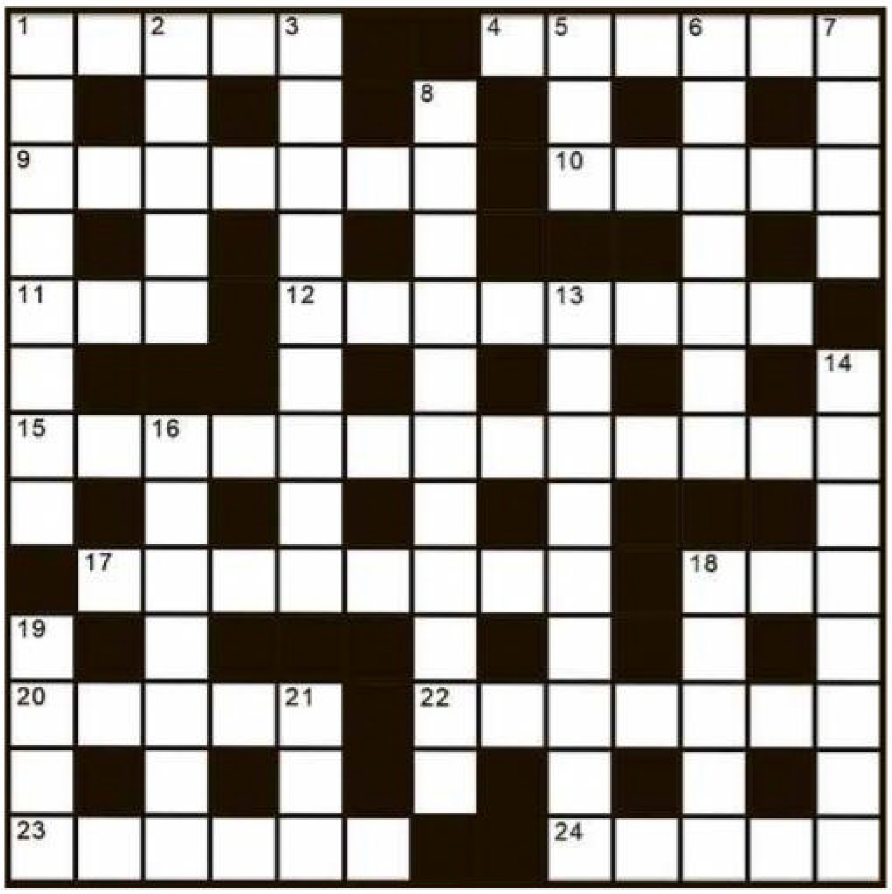
Tim Moorey's Quick Crossword No. 981

A bottle of Taylor's Late Bottled Vintage will be given to the sender of the first correct solution opened on 20 Jan 2020. Answers to MoneyWeek's Quick Crossword No. 981, 31-32 Alfred Place, London, WC1E 7DP.



Across clues are mildly cryptic whereas down clues are straight

ACROSS

1 Met over a mild coffee? (5)
4 Vegetable for the party? (6)
9 It may be over one's head in Paris (7)
10 Instrument to annoy the French (5)
11 Part of weekend supplement (3)
12 Change oriental account (8)
15 Help coward escape as a youngster (6, 7)
17 Leeds apt somehow to get support (8)
18 Good name for a lady lawyer? (3)
20 Spy a man of good birth? (5)
22 Lavish punt and Leo's bust (7)
23 Dish in establishment re-evaluated (6)
24 Transgression not even mentioned in church assembly (5)

DOWN

1 Become smaller (8)
2 Stop (5)
3 Produced by extensive farming methods (4-5)
5 Tease (3)
6 Yellow part of breakfast dish (3, 4)
7 US term for toboggan (4)
8 MoneyWeek for one (11)
13 Preliminary tests (5, 4)
14 Removed from office (8)
16 Choose again (2-5)
18 Back of a boat (5)
19 Harvard rival (4)
21 What Tiger starts with! (3)

Name

Address

Solutions to 977

Across 1 Game *two definitions* 3 Scallop *hidden* 8 Master mariner *anagram* 9 Sol *sol(o)* 10 Somme *M in some* 12 Element *hidden* 14 Split up *Split up* 16 Heron *anagram* 17 Ode *homophone* 20 Adventuresome *ventures in a dome* 21 Resists *anagram* 22 Onus *on us.* **Down** 1 Gymnasts 2 Mash 3 Sample 4 Air freshener 5 Longueur 6 Port 7 Dessert wines 11 Maldives 13 Tangiers 15 Pop-ups 18 Fair 19 Go in.

The winner of MoneyWeek Quick Crossword No. 977 is: Mr A McDiarmid of Annan

Solutions to 978

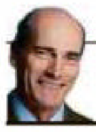
Across 1 Mother-in-law *anagram less y* 9 Raita *anagram less US* 10 Garbage *B in garage* 11 Singlet *single t* 12 Harem *are in h m* 13 Smarmy *sm army* 15 Barmen *bar men* 18 Tonga *hidden* 20 Rarebit *anag* 22 Epsilon *anagram* 23 Tango *tang O* 24 Car boot sale *misleading definition.* **Down** 2 Onion 3 Haarlem 4 Rights 5 North 6 Anagram 7 Irish setter 8 Germination 14 Amnesia 16 Aerates 17 Franco 19 Ad-lib 21 Banal.

The winner of MoneyWeek Quick Crosswords No. 978 is: Stephanie Watson of Manuden

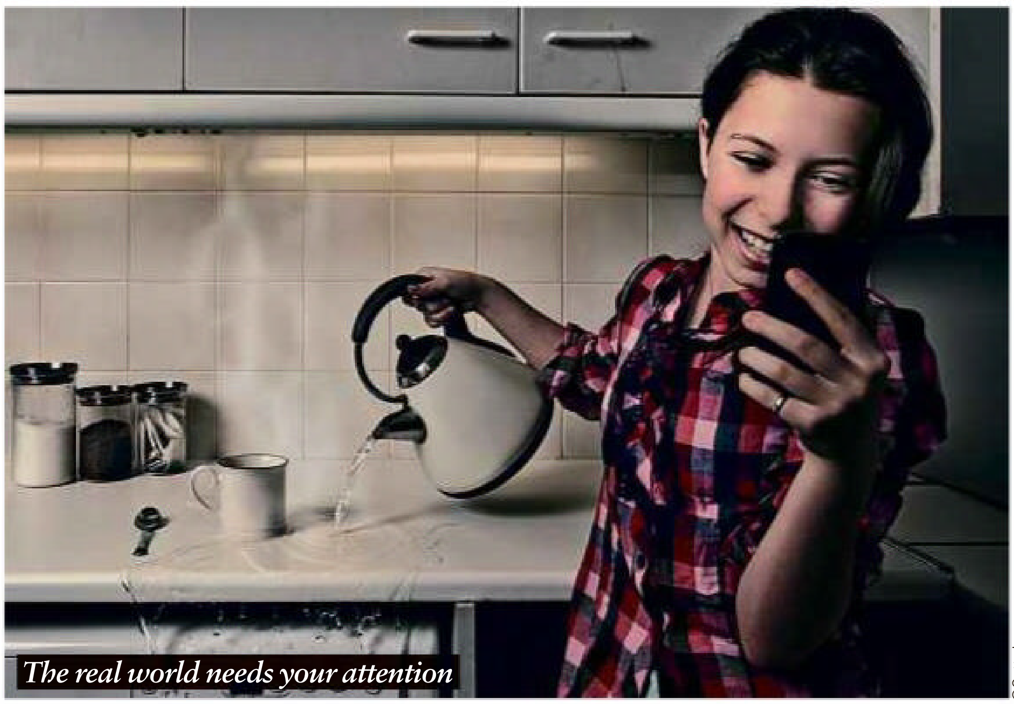
Tim Moorey is author of How To Crack Cryptic Crosswords, published by HarperCollins, and runs crossword workshops (TimMoorey.info).

Our vow for the New Year

We are giving up fast food for the brain. We urge you to do the same



Bill Bonner
Columnist



The real world needs your attention

©Getty Images

The average person with an iPhone checks it 1,585 times per day. We just made that up, but did you doubt it? We check our smartphone to see what the weather will be, what the stockmarket is doing, what the latest headlines are. We check it in the lift or on the street to avoid eye contact with strangers. We check it to see who's trying to contact us and what they're saying.

Can't it wait? Unless you're an emergency heart surgeon or you have the White House's nuclear codes in your briefcase, messages are rarely that urgent. We can't remember ever getting a message that couldn't have waited at least 24 hours. The exceptions are messages from people cancelling meetings at the last minute or changing plans. Those are the types of messages we don't want to get anyway. People could perfectly well respect the arrangements they've made and show up on time!

Headline after headline, a flood of information – and what does it all matter? Some of it might – but you have to read all of it to find out. And by the time you finish checking your phone and responding to all the "urgent" messages, pictures of kittens, smiley faces, YouTube sequences and other unnecessary noise, guess what? You have no time left for the important things. You've forgotten to say "good morning" to your wife and missed your granddaughter's birthday party.

Not only do all these electronic messages capture your attention and devour your time, they also take over your emotional life. Little by little, you come to care about people you've never met, battles you will never fight and issues that don't really matter. The next thing you know, you will find yourself not just a spectator at the online circus, but an actor, voicing an opinion, taking polls, leaving comments. Then, you are practically beyond hope. The internet has gotten a tighter grip on you than heroin on a dope addict.

"Our number-one recommendation: unplug. Turn off and tune out"

The digital world has become your world. That is where you live, where your time – your physical life (sitting in front of a computer screen) – and your emotional life, too, will be spent. And while your mind is being stuffed like a Christmas goose with digital data, you have no time to think clearly, no reliable ideas or information to think with. All you have is empty calories, fast-food for the mind.

Our hunch is that you're going to need something more than that in the years ahead. A huge crisis – caused by fake money and fake thinking – is coming. You'll need real money and real thinking to get through it. In this fast-moving, highly charged and dangerous setting, you will need the ability to think clearly and calmly.

You won't be able to do that if you have been captured by the mind-bending memes of the public media. Which is why turning off and tuning out is our number-one recommendation for the New Year. Unplug. Get the electronics out of your life.

The bottom line

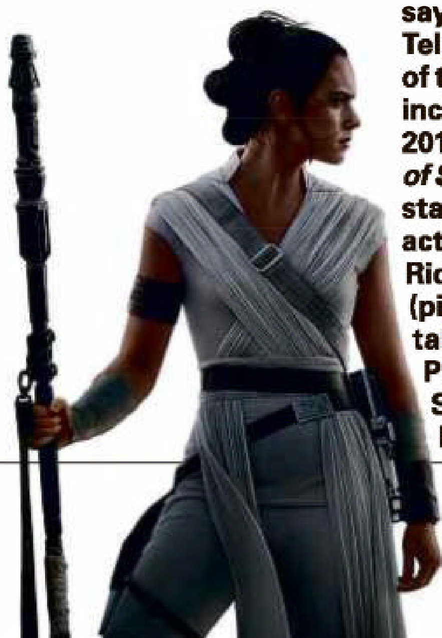
£2.5bn The cost to the taxpayer since 2015 of detaining up to 8,000 people a year on cannabis offences, The Times revealed, using data provided by pressure group the TaxPayers' Alliance. The figure includes policing, legal and probation costs.

£1,813 The average annual cost of household energy bills, representing a 41% increase in the cost of gas and electricity compared with five years ago, a study by price comparison website Compare The Market has found.

£405m The value of sales of meat-free alternatives in 2019, representing a rise of 18% on the year before – the highest rise of any supermarket category, according to market data company Nielsen. Sales of red meat, by comparison, fell the hardest – down £185m – largely driven by environmental and health concerns.

47 The percentage increase in "regulated rail fares" over the last decade, according to trade-union body the TUC. Regulated fares account for half of rail tickets and rise in line with the old-style retail price index (RPI) measure of inflation. By comparison, average wages have risen by 22% over the same ten-year period.

£1.5bn **How much Disney's British-based subsidiaries have spent over the last six years on making the past five *Star Wars* films, says The Daily Telegraph. Much of the filming, including that of 2019's *The Rise of Skywalker*, starring British actress Daisy Ridley as Rey (pictured), has taken place at Pinewood Studios in Buckinghamshire.**



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