

I have produced these economics and markets reports for over 10 years. I publish several times a year. I have entitled them The Booms and Busts Report, since 2015. We produce more detailed, in-depth reports, for clients.

I believe I never said why I call these reports The Booms and Busts Report. It's not because I present The Booms and Busts Show on itunes and audioboom (links at the foot). They are both named after Chancellor Gordon Brown's repeated statement, over 10 years, that he would (and he proclaimed he had) ended **Booms and Busts**.

Quelle irony!

Indeed, by the infamous Summer 2007 Mansion House speech (to the 'Great and the Bad' of The City of London) he hailed that what was coming was "an era that history will record as the beginning of a new golden age for the City of London".

This was while the City was increasingly fragile and (a few) people like me were shouting it to anyone who would listen. Just weeks later the 5th largest mortgage bank in the UK went down the pan (Northern Rock) and less than a year after that global finance had the biggest crash in human history.

Stopping the crash from continuing, Brown and other global politicians eg Bush and Obama and especially the Bank of England and their banking cronies, unleashed the biggest stimulous package the world has ever seen. The crash stopped by early 2009 and we have had economic growth since.

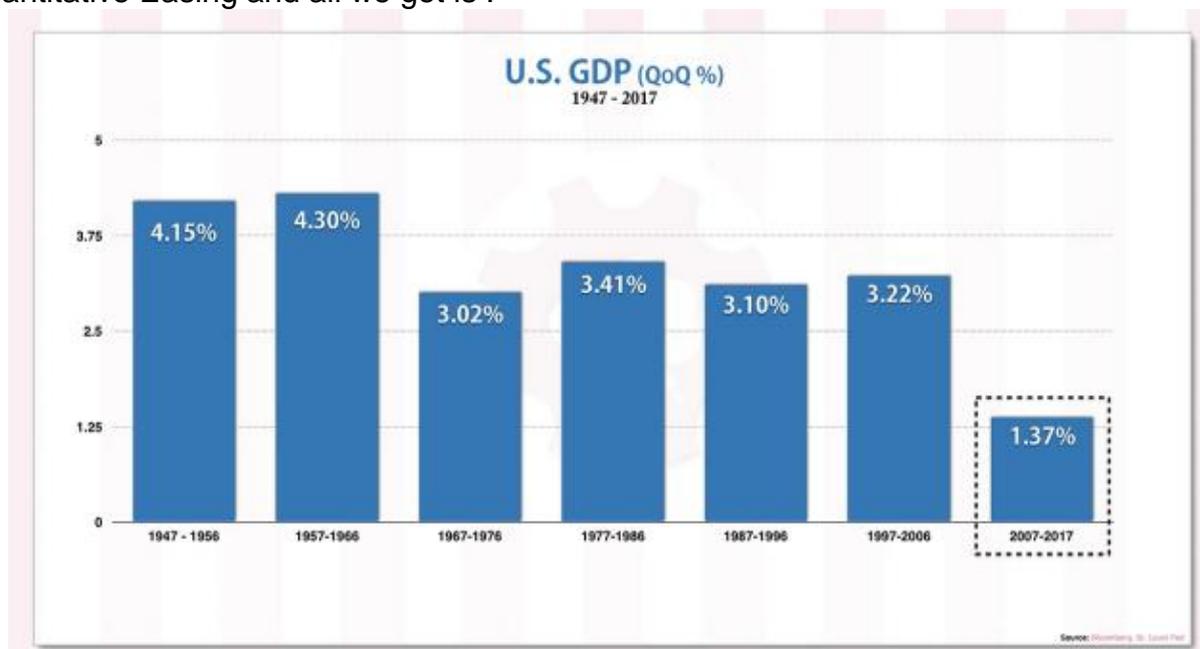
So what's new Jonathan? We know all that. Brown and the others 'saved the world'. Yes, that's what everyone wants you always to believe.

No. I have said, for years, that all they did was kick the obvious can down the road. Not only did the problems not go away but, for example, debt is **EVEN BIGGER** than it was in 2007 (in inflation-adjusted terms and as a multiple of the size of the global economy.) I have said, for years, that **WE ARE IN LONG TERM ECONOMIC DEPRESSION**.

Most readers will scoff immediately. They will say: but there's been no recession since 2008/09 (in the countries that 'matter').

To which I will agree. However, think about it.

\$25,000,000,000,000+ (\$25+ Trillions) of borrowing / handing to bankers which they call Quantitative Easing and all we get is :



For the last decade, less than half the annual economic growth that we had for any decade since the war!

With the greatest amount of 'stimuli' - QE, Bailouts, practically zero costs of mortgage borrowing, ever rising government spending (in the UK, Chancellors Osborne and Hammond borrow MORE THAN BROWN!!!) - and all we get is 1-2% pa economic growth.

Did that never strike you as strange?

On top, as I have shown in previous Booms and Busts Reports, studies show that whatever growth there has been has largely gone to the top 5%.

Economic Depression does not require the economy to fall year after year. Economists don't like the word depression because it doesn't have an exact mathematical definition.

John Maynard Keynes defined it as "a chronic condition of subnormal activity for a considerable period without any marked tendency towards recovery or towards complete collapse." Please try not to fall asleep.

If we 'translate' that into English, it is generally accepted that an Economic Depression is an extended period of slow or no growth.

Does 10 years of 1-2% pa growth, and pumped up with vast stimuli, fit the bill?

As I see it, it certainly does. I say again, I have been writing and saying, for years, WE ARE IN ECONOMIC DEPRESSION.

Perhaps you disagree.

And the future?

[The Institute for Fiscal Studies](#) reported, just yesterday, that millions of households face an “unprecedented” two decades of lost wage growth.

Does it yet fit the bill, in your opinion? Do you accept WE ARE IN LONG TERM ECONOMIC DEPRESSION?

Not yet?

Well, would you accept the outlook of the UK Treasury, the UK Chancellor of the Exchequer or the 'independent' UK [Office for Budget Responsibility](#)?

They all told us, in this week's Autumn Budget\*, that UK growth, this year, will not be 2.0% as they previously envisaged but will be merely 1.5%.

Indeed, 'growth' (well you have to call it something, I suppose) will fall for the next few years. And remain lower than 2.0% until well into the 2020s.

Bearing in mind this all started in 2008. Does 15 years of slow or no growth fit the bill and we can finally put to rest that I have been accurate FOR YEARS that we are in Economic Depression? It does, in my book.

\* Budget AKA Party Political Broadcast, as it is every time...

Irrespective of whether or not we are in Economic Depression, so what? What has it to do with investment portfolios? Actually, not as much as you might think.

With such slow growth the FTSE 100 has broken above multi decade resistance. See the chart:



So, the market finally took out the high of 2000, 2007 and 2015. While it stays above we have to expect further growth. This is bullish for UK and international stocks.

It's a good thing, last November, we - materially - increased our exposure to global stocks. They're up 25-30% over the last year.

There is little - currently - on the horizon to suggest a change to the direction for stock prices, generally. However, black shoots (as opposed to green ones) appear here and there. On verra.

Indeed, what is notable is probably the reason why the FTSE 100 bears little resemblance to the UK economy is because the FTSE 100 is made of huge global companies. You see, the UK *economy* has performed badly vs competitors as we are so financial economy-biased. Chickens and roosts anyone...? The global economy is doing fairly well, particularly Emerging Markets. It's a good thing we increased our holdings of EMs last year. They're up some 50%, since.

As for the future areas to grow portfolios we are, daily, more and more interested in commodities (eg oil, gas, wheat, energy aka if you dig it or grow it).

They have had massive bear markets for years and, since 2016, have been waking up. Not all at the same time but one by one, it seems.

It also seems to me, some commodities are looking like they will have multi year bull markets. Some commodities and companies have the potential to growth 1000+% over the next 5-10 years. Crazy? Not at all. The last time it happened was the early 2000s to 2008. And that happened after a multi year bear market - just like the one that may just have ended.

Also, many of them have already collapsed some 90%. Oil crashed 75% and has since more than doubled from the lows (last year). The trend remains up. That suggests continued rising inflation. And rising interest rates, UK and globally. (Per the Budget, I suspect this will have a greater impact on house prices than eliminating Stamp Duty tax up to £300k... What will THAT do to the economy...?)

Copper mining shares collapsed 90% to the end of 2015.



There are other commodities which had collapsed similarly massively. The potential for outstanding performance over a handful of years is excellent.

What exposure do you have to the commodities markets in your investment/pension portfolio?

Have you noticed the Pound (Sterling) has been rising, since late last year. (Despite brexit...) It could have something to do with global markets considering not just ending money printing (in the form of QE) but actually **repaying** a bit of debt. If we have Quantitative TIGHTENING, we would likely see the US\$ fall and other currencies, including the £, rise. This would be hugely bullish commodities. On verra.

What should you do to secure your wealth and purchasing power?

Don't put it off till it's self-evidently too late.

Can you benefit potentially from our advice?

We work for wealthy families and/or high earners.

We work for clients all over the UK and indeed on three continents.

We now have an association with an excellent financial planning firm who can advise interested parties with portfolios materially under £500k. Contact me for details.

Our most important and most often repeated philosophy is (as seen widely on our website): "We advise you based on what we would do, were we in your shoes, given what we know".

Call me personally to see how we can help.

Please note carefully the following important messages:

I believe most folk do not realise, in big picture, the changes happening right now in our economy and markets (major stock markets, corporate and government bonds and property).

They will.

I think most folk also do not realise, in big picture, the amazing opportunities in our markets.

They will. But will they benefit?

Click [to forward to a friend](#) if you think they could benefit from reading this.

If you have any queries over any of the issues raised do not hesitate to get in touch with me by calling me or emailing me at [jdavis@jonathandaviswm.com](mailto:jdavis@jonathandaviswm.com).

On Twitter, follow me [@JONathanDavis](https://twitter.com/JONathanDavis) where I frequently comment and link to important commentaries on markets and economics.

Kind Regards

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Presenter of The Booms and Busts Show on [itunes](https://www.apple.com/itunes) and [audioboom](https://www.audioboom.com). See tweets [@boomsbustsshow](https://twitter.com/boomsbustsshow)

