

JUSTIN'S COMMENTARY

SEVEN 
Investment Management

Justin Urquhart Stewart is one of the most recognisable and trusted market commentators on television, radio and in the press. Originally trained as a lawyer, he has observed the Investment industry for 30 years whilst in corporate banking and stockbroking, and has developed a unique understanding of the market's roles and benefits for the private investor.



Currencies – Gold, paper, plastic.

For centuries, countries and those trying to run their economies have fretted over the value and strength of their currencies. From exchanging lumps of valuable metals like gold and silver to maintaining a credible form of coinage, it has always been the concern of responsible leaders to ensure that the ability to effectively transfer value is at the core of a viable and valuable economy.

Over the centuries, we have also seen the debasement of coins and currencies as the precious metal content was reduced or even clipped away by unscrupulous rulers and thieving merchants. Dodgy English kings reduced the silver content as they had spent their wealth on ludicrous wars. Roman Emperors tried to sustain trade and a huge economy across their extended empire, while reducing the level of silver from about 4 grams per coin to a negligible coating of silver. Meanwhile forgeries have been around for as long as there was something to copy.

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But all that these practices achieved was to undermine confidence in both the currency and the economy. So, huge efforts were and are made to secure production both in terms of quality and the value of issuance. Might be worth remembering that the Roman Emperors were running a form of single currency, with what would appear to be a greater level of success and confidence than those grappling with the Euro today.

We have even managed to develop what we all thought was a higher level of sophistication by introducing a "fiat" currency, whereby the items of actual exchange were of nominal value or even none at all. Money could become paper and base

metals. The concept of exchanging pieces of paper demands an astonishing level of trust, especially as the statement "I promise to pay the bearer the sum of X pounds" is now somewhat meaningless. X pounds of what? Not gold or any other such material. It is just trust and confidence. That is an astonishing leap of faith, and one that only really gets debated when the frisson of fear surfaces, such as when banks start to go bust.

So, for the moment, we trust our notes and coins, but if economic woes come to the fore and the currency starts to weaken considerably, you will easily see the fear of failure result in a tawdry rush for the glistening appeal of gold. Now, however, we find ourselves in a world where even the physicality of currencies is being replaced. This is not just through the development of alternative currencies like Bitcoin or even air miles, but the fact that we are now actually using less and less coins and notes every day.

From the development of Oyster cards and contactless transactions, our wallets and purses are quite literally having to change shape. Coins are now more often just an irritant that have to be retained for outdated parking meters and lazy car parking companies. Personally, I find I am actually handling more coins than ever before, but that is because I am a sad git who collects ancient coins. However, for everyone else in the world, the handling of nearly worthless alloy disks is an unnecessary burden both in terms of effort and weight, and they ruin the cut of a good suit.

In 2005, cash made up 64% of all payments in the UK. By 2015 this had dropped to 45% and is expected to fall to just a quarter by 2025. Apparently, one in six payments in the high street are now contactless. It had previously been proposed that the old fashioned cheque should be phased out, but that caused a storm of outrage and so the

JUSTIN'S WEEKLY COMMENTARY

idea was scrapped - at least for the time being. The fact that there were still 546 million cheques written last year surprised me, as I certainly find it a bit of a rarity.

And now the Bank of England is bringing in plastic notes into this shrinking world of cash. This quite useful innovation would have been appreciated a couple of decades ago when the Australians introduced these shiny, new notes, but in a world of declining note usage, you wonder why we have to go to the expense of such an "innovation" when less are actually being used. The reason often given is that of course they won't get destroyed in the washing machine. Brilliant. But when did that last happen? Now we are told that they are quite likely to stick together! Well it is obviously nice to know that they are sociable, but that is of little help when rushing to pay only to find you have just doubled your expense because of their adhesion to one another.

The world is going to be cashless for the most part, so squandering money and effort on such changes seems to be a waste of time. I would far rather get outdated local authorities to update their parking machines to something more efficient, flexible and useable and stop requiring us to keep bags of coins in our cars to feed their wretched meters, especially since all too often they don't seem to work.

So I am going to hang on to my Roman sesterces even though they don't fit the parking metres, and keep some of my old bank notes as collectors' items so I can look back in a few years and gaze in amazement at those sheets of papers that we used to use to buy stuff. It will seem almost quite quaint.

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And finally... A café for 50 Shades of Chinese Grey?

With drinks served in breast-shaped cups and beers opened with bottle openers shaped like a wooden penis, the father and daughter team behind a Beijing S&M restaurant are encouraging customers to mix food with sex.



Owner Lu Lu, a 27-year-old divorcée, said business has been good since opening just under a year ago, with young Chinese streaming in to feast on seafood, such as lobster, under the gaze of mannequins wearing bondage gear.

Lu's father overcame initial reservations about some of the decor and took charge of the kitchen, dishing up a menu that features items such as 'Horny' and 'Sensuous World'.

Lu said she was catering to a new generation of educated city residents who are increasingly willing to explore sex. Chinese society has long left behind the days when talking about sex was taboo, but sexual education in schools remains almost

non-existent. The government also keeps a tight rein (I think a somewhat inappropriate term here) on what it views as vulgar content on television or online.

Apart from one visit by police, Lu says that she has been left to continue to run her establishment, where inflatable naked dolls sit on shelves and waiters wear aprons with breasts on them.

That may change though with Lu planning to ramp up the kinkiness by putting women customers in handcuffs and getting their male companions to feed them. She also wants to offer customers the chance to whip the waitresses – that sounds like either rather excruciating management or at the very least a health and safety issue.

Have a good week.

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