Monthly Commentary 4th March 2019

February continued where January left off, with markets generally rising, albeit not with the same gusto as in January. Still, a 3% rise in global equities is very solid.

UK and Emerging Market equities were also up but not as strongly, whereas the Euro area had the strongest performance, rising more than 4%.   Bonds were either side of flat and in currencies the standout performer was pound sterling.   Oil was up and gold was down.

So why have markets been so resilient?
It's very difficult to attribute the latest market strength to any one, or even a few reasons, much like it was not possible to know what caused the large falls in the last quarter of 2018. Back then it was Fed policy, trade wars, China slowdown, Brexit, Italy etc. etc. that spooked the markets.

According to many financial pundits, the most probable catalyst for the up move was the change in tone by the US Central Bank (Fed) with regards to their future interest rate policy. It is now widely accepted that the next move, if any will be an easing of monetary policy.

This is big news, as it is believed by some that the Fed has now dramatically decreased the probability of a US recession in the not-too-distant future. When markets do not see a recession, they rarely go into a tailspin.

It is interesting to note that Thomas Lee, a well-respected Wall St strategist has recently opined that the US economy is only in "mid-cycle", which is nowhere close to the end-of-cycle that brings with it worries of an imminent recession.

As for the rest of the factors that caused the downturn last year, most are still there. Go figure! In our humble opinion, investor sentiment has also played a huge part. In other words, the year started off with such negative sentiment that the markets did the exact opposite from what most investors expected. I.e. a contrarian outcome.

Breaking news…

Interactive Brokers Tops Barron's Ranking of Best Online Brokers

The 24th annual study puts Fidelity second, and, in a surprise, E*Trade jumps up to grab third place.

Many of you are aware that at Elgin we have increasingly been using Interactive Brokers (IB) as the custodian/broker for client accounts. The main reasons are that they are extremely efficient, have cutting-edge technology, are safe, well regulated, accounts are highly liquid and above all they are very, very cost-effective (i.e. downright cheap). Unlike in consumer products where cheap often implies poor quality, in the case of IB it is actually a high-quality, low-cost offering.

We were pleased to read that once again in 2019, IB was selected by Barron's to be the best online broker. For those of you who do not know what Barron's is, it is the leading and most serious financial weekly publication in the US, and a sibling of the Wall St Journal (which is the top daily financial publication in the US).

How They Stack Up

Rank	Broker	Rating
1	Interactive Brokers	★★★★.5
2	Fidelity	★★★★.5
3	E*Trade	★★★★
4	TD Ameritrade	★★★★
5	Merrill Edge	★★★★
6	Charles Schwab	★★★.5
7	TradeStation	★★★.5
8	tastyworks	★★★
9	Ally Invest	★★★
10	eOption	★★.5
11	SogoTrade	★★.5
12	AutoShares	★★.5
13	Just2Trade	★★
14	TradingBlock	★★

Source: Barron's rankings

For those of you who are not aware, Elgin offers a range of services through IB. These include:

- Management of traditional portfolios (cautious, balanced, growth, growth plus)
- Management of income portfolios
- Regular savings plans
- All of the above are available in USD, EUR, GBP
- Starting with as low as $/£/€ 10K per account, and savings as low as $/£/€ 1500/quarter.

So, if you are looking for a very efficient way to invest or save and without any contractual term limits or exit penalties, then please contact your Elgin advisor.

The Elgin Analysts' Team