

Goodbye Year of the Rooster and welcome to the Year of the Dog. According to the tongue in cheek CLSA Feng Shui Index, the Chinese Year of the Dog is a good time to be cautious when it comes to finances. This Asian based brokerage and investment house notes that the Dog is a sign of defence and protection, representing duty and loyalty. Investors are advised not to bite off more than they can chew.

New FED Chair term begins

You have to feel for the new FED Chair Jerome Powell as he started his job this month, greeted as he was with a large stock market sell off in his first week in charge just as his new boss was claiming responsibility for the strong performance of 2017. So, in addition to his responsibilities on inflation, jobs and the wider economy he will need to be keeping a weather eye out for Mr Trump. There have been no tweets about the recent falls. Minutes from Janet Yellen's last Fed meeting noted that the stronger outlook for economic growth raised the likelihood of further gradual policy tightening. Any potential change in the trajectory of US rate rises will be a focus for all market watchers and is likely to provide a headwind for performance in the short term.

Tax year end planning

A gentle reminder that we are moving towards the end of the 2017/18 tax year. Now is the final chance to make an ISA subscription; you can contribute up to £20,000 for this tax year but cannot carry the allowance over so if you do not contribute before April 6th, it will be lost. If you have subscribed the full allowance but taken a flexible withdrawal from the ISA, you may still be able to contribute further to the ISA to replace the withdrawn amount.

For those who wish to make a significant pension contribution, now is the last chance to use carry forward relief from the 2014/15 tax year. If you have not made any pension contributions for the past four years but have been a member of a pension scheme during this time, there is the potential to contribute up to £160,000 gross into a pension scheme. The benefits of pension contributions cannot be understated: An employee contribution into a personal pension will receive basic rate tax relief at 20%, and if you are a higher or additional rate taxpayer you will be able to reclaim the extra relief on your tax return. Employers can reduce their potential corporation tax bill by making employer contributions, as they are generally treated as a deductible expense.

There are several changes to reliefs and exemptions that will be coming into force from April 6th, most notably that the dividend allowance will reduce from £5,000 to £2,000. This will likely mean that more people are pulled into paying tax on the dividends yielded by their portfolios. Sensible financial planning strategies may help to alleviate this potential issue.

If you would like to discuss making an ISA or pension contribution before the end of the tax year, please do not hesitate to get in touch.

Domestic news

This month we were promised a definitive view of the proposed customs relationship with the EU. We have been treated to a series of set piece speeches (widely leaked and lacking impact) culminating in a meeting of key cabinet members to reach a consensus/compromise. Whilst they may have reached an agreement at Checkers, the EU response was to stick to the "no cherry-picking" mantra. Still not properly addressed are the real issues of frictionless trade or the Irish Border. The talk of a "Canada plus plus plus" trade deal is a neat soundbite. But the reality of the complexities of that deal can be summed up in the frustrated tears of the Canadian Trade Minister after the collapse of talks due to intransigence of the Walloon Parliament. Wallonia being a region of Belgium. Meanwhile the rest of the world looks on, perplexed. A new word was

coined by Boris Johnson in his speech designed to reach out to worried Remainers. "Brexchosis" is the Brexit induced psychosis afflicting the UK. One can't help but think it might be a more serious complaint than he recognizes.

Markets:

One series of stock market records was replaced by another this month as prices sharply reversed earlier gains, spooked by inflation data out of the US. The biggest one-day points fall on Dow in history was just one of those records. The headlines may have been lurid but a correction after such a long period of steady rises in stock markets was necessary and in some quarters welcomed. The losses must be put in the context of a long and steady bull market where investors have made good gains.

Pyeongchang 2018

The South Korean winter Olympics have supplied us with some extraordinary spectacles, feats of endurance, exceptional skill and downright bravery. They have also been the backdrop for a small rapprochement between North and South Korea. Whether this leads to further diplomatic gains remains to be seen but it is a forward step in a hitherto rocky landscape.

At \$13bn this winter Olympics has been four times cheaper than Sochi with the projected advertising revenue up 30%. Record numbers of sport disciplines (15) and record numbers of participants (92 countries) made this a success even before the final medals were awarded. The value of a gold medal has also broken the previous record – valued by Nasdaq at \$577.41 this month.

FTSE 100 >7,975.38 | DOW >23,940.68 | HANG SENG >29,177.35 | GOLD > \$1292.80 | £1= \$1.35 | £1 = €1.14

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