

# Investment Insight

Friday, 21 July 2017

**Future proof:** Investing is easy – just buy stocks that go up in price a lot: Alphabet, Amazon, Apple, Berkshire Hathaway...and we haven't even reached letter "C". Well, easy yes, with hindsight. Regrettably most of us don't predict the future with nearly as much accuracy as we predict the past, and "experts" are no different.

Before you get scold yourself for not loading up on Google shares the day they IPO'd, in **The Inside Track** this week we provide a reminder that even the experts have "misses".

**No Dow(bt) about it:** The Dow Jones industrial and transportation averages reached simultaneous records for the first time since March, a bullish signal for adherents to the Dow Theory. The investment approach, which stems from observations Charles Dow made a century ago, holds that moves in transportation stocks must be "confirmed" by industrials, and vice versa, to be sustained. We take a closer look in this week's **Pic of the Week**.

### Quoted...

"If you're lucky enough to do well, it's your responsibility to send the elevator back down."  
– Kevin Spacey

### The Inside Track

**History is a graveyard of predictions, investment-related and otherwise, that have been somewhat inaccurate. Here are some examples:**

**Irving Fisher (economics professor at Yale University in 1929):** Stocks have reached what looks like a permanently high plateau.

**Albert Einstein:** There is not the slightest indication that nuclear energy will ever be obtainable. It would mean that the atom would have to be shattered at will.

**The president of Michigan Savings Bank urging Henry Ford not to invest in The Ford Motor Company:** The horse is here to stay but the automobile is a novelty, a fad.

**Ken Olsen (president of Digital Equipment and MIT graduate):** There is no reason for any individual to have a computer in their home.

**Bill Gates (2004):** Two years from now spam will be solved.

**You Tube Founder Steve Chen:** (I am worried that) there's just not that many videos people want to watch.

**Robert Metcalfe (inventor of ethernet):** I predict the Internet will soon go spectacularly supernova and in 1996 catastrophically collapse.

**Darryl F. Zanuck (founder of 20th Century Fox studio):** People will soon get tired of staring at a plywood box every night.

**Steve Ballmer, former Microsoft CEO (2007):** There's no chance that the iPhone is going to get any significant market share. No chance.

**Steve Jobs (2008) in discussing Amazon Kindle:** The whole conception is flawed at the top because people don't read any more.

**New York Times (1936):** A rocket will never be able to leave the earth's atmosphere.

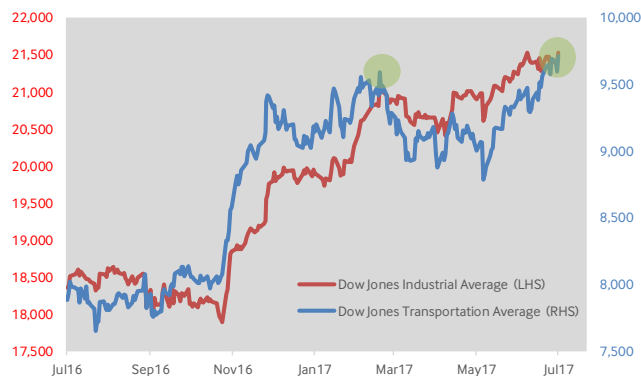
**Book publishing executive writing to J.K. Rowling (1996):** Children just aren't interested in witches and wizards anymore.

**Newsweek predicting where popular holidays will be in the late 1960s:** And for the tourist that really wants to get away from it all, safaris in Vietnam.

**Variety passing judgment on rock 'n roll (1955):** It will be gone by June.

### Pic of the Week

The Dow Jones gauge for airlines and railroads broke out of a four-month trading range last week after the industrial measure rose to a record in June. This, in theory at least, removes a bearish concern some investors maintained on transport and industrial stocks. If the Dow Theory holds true, in the immortal words of Yazz, "the only way is up"....we are not so sure.



### Market View

	Last 7 days	Last 12 mths	YTD	5Y Ann.
Global equities	+0.7%	+14.7%	+9.9%	+10.6%
US equities	+1.1%	+13.8%	+10.5%	+12.7%
European equities	-0.2%	+12.9%	+6.2%	+7.8%
EM equities	+1.9%	+21.7%	+22.9%	+2.5%
Irish equities	-1.8%	+15.3%	+4.0%	+16.1%
Commodities	+2.5%	-5.3%	-4.1%	-10.5%
Hedge funds	+0.1%	+5.5%	+3.2%	+1.9%

Economic indicators	Bond yields	Inflation	GDP YoY
Ireland	+0.8%	-0.4%	+6.1%
Germany	+0.5%	+1.6%	+1.7%
USA	+2.2%	+1.6%	+2.1%
China	+3.6%	+1.5%	+6.9%

Currencies	Current	YTD Δ
EUR:USD	1.16	+10.6%
EUR:GBP	0.90	+5.1%
EUR:CNY	7.87	+7.3%
GBP:USD	1.30	+5.1%
Bitcoin	2,662.38	+179.7%

**Week ahead: Key events**

24/07 Japan & Eurozone Manufacturing PMI  
24/07 US PMI Data & Existing Home Sales  
25/07 US House Price Index Data  
26/07 UK GDP & US Housing Data  
26/07 US FOMC Rate Decision  
27/07 US Durable Goods Orders & Initial Jobless Claims  
28/07 Japan CPI & Eurozone Confidence Data  
28/07 US GDP

<b>Commodities</b>	<i>Current</i>	<i>YTD Δ</i>
Gold	1,246.78	+8.2%
Copper	5,929.50	+7.4%
Oil	49.46	-15.9%
Wheat	505.50	+12.9%

<b>Central Bank rates</b>	<i>Current</i>
Eurozone	0.00%
USA	1.25%
UK	0.25%

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