

PRICE **VALUE** PARTNERS

The hike before Christmas



“Christmas at my house is always at least six or seven times more pleasant than anywhere else. We start drinking early. And while everyone else is seeing only one Santa Claus, we’ll be seeing six or seven.’

– W.C. Fields.

(What follows is a subtly revised version of some comparably awful festive doggerel that first floated up to the surface in December 2015.)

‘Twas the hike before Christmas, and all over the shop
Short end traders were waiting for prices to drop.
Bloomberg and Reuters, the FT all there
To capture the moment – if Powell would dare.

Stockbrokers slept fitfully, dreaming of when
Fed policy meant **lower** rates (thank you, Ben !)
The hedgies, meanwhile, partied on in their yachts,
With barely a thought of ascending Fed dots.

Commodities managers searched in despair
For solace, in cupboards, but cupboards were bare.
BRIC managers looked at each other in shock,
With a new acronym for EM markets – COCK.

The dollar was rallying, higher and higher –
For frontier debt markets, a funeral pyre.
There were sellers of iron ore, zinc, copper and gold;
What was mined or extracted got ruthlessly sold.



In mid-Brexit Britain Saint Theresa did grin
At a confidence vote she did - technically - win;
While 17 million wanted her Out
And our only connection with Brussels: a sprout.

And as for old bitcoin, well, simply don't ask –
Making money from crypto's a now thankless task.
Whether Litecoin, Ethereum, Dogecoin or Bit,
The returns from alt currencies have been utterly poor.



And CNBC then went live with its anchors
Though all in the market considered them disappointing,
The cameras all turned to report news from Janet,
The Fed chief who lived on a different planet.

“Information received since we met in October..”
But by now there was nobody left who was sober;
So when she announced her first quarter-point hike,
Since nobody heard her, all markets did spike.

The Nasdaq went higher, the S&P too;
The bond market loved it, and Treasuries flew.
The Far East went mental and over in China
The rally in mid-caps could not have been finer.



At which point a figure in red fled the room,
Concerned that he'd caused an untenable boom.
The Donald Trump Rally¹ was with us all right –
“Happy Christmas to all, and to all a good night!”

¹Ends December 24th.



This will be our last commentary of 2018. The commentary will be back in early January 2019, suitably “refreshed”.

We would like to wish all clients and friends a Merry Christmas and a happy, peaceful and prosperous New Year.

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Tim Price is co-manager of the [VT Price Value Portfolio](#) and author of 'Investing through the Looking Glass: a rational guide to irrational financial markets'. You can access a full archive of these weekly investment commentaries [here](#). You can access the archive of our regular 'State of the Markets' podcasts, with Paul Rodriguez of ThinkTrading.com [here](#).

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