►On Target

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Understanding Modern Youngsters

My family – the older ones, that is – have been doing a lot of thinking recently about our younger relatives. The ones dubbed the Millenials, those born since 1984. Clearly something is lacking in their lives that we had when we were young. It worries us, because they are The Future.

It's a generation that's accused of feeling entitled, of being narcissistic, self-interested, unfocused and lazy.

Well, we know that's an extreme view. Our parents probably had similar doubts about us when we were young.

Nevertheless, there are some elements of truth in the criticisms. There are some defects, some aspects of behaviour, that are different from what were ours when we were young, that worry us, and that we don't understand.

It's all the more disturbing because we fear that the youngsters seem ill-prepared to face a world that is clearly going to be much more difficult than we have been fortunate to experience during our lives.

Simon Sinek, an American expert on human behaviour, has identified what he calls missing pieces that explain why Millenials are so difficult to manage, so disappointing to their employers…

► **Failed parenting strategies**. "They were told that they were special… They were told they can have anything they want in life, just because they want it," he says.

Parents manipulate schoolteachers and others in authority to secure for them academic rewards way beyond what they deserve. Worse, there were even medals for losers, devaluing rewards for those who actually earn them.

When these youngsters graduate, get a job and are thrust into the real world, "in an instant they find out they are not special, their Moms can't get them a promotion, that you get nothing for coming in last… and by the way, you can't just have it because you want it."

Their self-image is shattered. "We have an entire generation that is growing up with lower self-esteem than previous generations."

► **Social media addiction**. Young people today are encouraged to avoid the hard work, persistence and focus needed to build strong personal relationships.

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They substitute the superficial and artificial world of Facebook and Instagram, where life is “amazing” even though it’s actually depressing, where “everybody sounds tough, and everybody sounds like they have it all figured out,” but the realities are very different.

Relationships are superficial. They can’t count on their Friends. They can have fun with them, but know they’ll cancel on them when something better comes along. Deep, meaningful relationships are not there because they have never practised the skill-set to develop them.

Whenever there’s stress, they resort to mobile phones and social media for relief. In a 2012 study, Harvard research scientists reported that talking about oneself through social media “activates a pleasure sensation in the brain usually associated with food, money and sex. It’s why we count the Likes, it’s why we go back ten times to see if the interaction is growing”.

That triggers the release in the brain of a chemical called dopamine – the same one “that makes us feel good when we smoke, when we drink and when we gamble. In other words, it’s highly addictive. We have age restrictions on smoking, drinking and gambling, but we have no age restrictions on social media and cell phones.”

There’s nothing inherently wrong with them, says Sinek, but using them excessively, coming to depend on them, is a problem. It’s an addiction that destroys relationships, costs, and in time makes life worse.

► **It’s a world of instant gratification**. You want to buy something, you click on Amazon and it arrives the next day. You want to go on a date, you don’t need to develop the social skills to cope. “Everything you want, you can have instantaneously – except job satisfaction and strength of relationships,” which are “slow, meandering, uncomfortable, messy processes.”

This young generation doesn’t understand patience, that “some things that really matter like love or job fulfillment, joy, love of life, self-confidence, a skill-set – all of these things take time. The journey is arduous and long and difficult.”

In the worst-case scenario, this failure to recognize the need for patience and persistence, to refuse to seek help, leads to suicides, drug overdoses, dropping-out. In the best-case scenario it means a generation going through life without ever finding joy, deep fulfillment in work or in life.

The demand for instant gratification

What can be done about it?

Sinek blames corporations for caring more about the numbers than their young employees. It’s the company’s responsibility to work extra hard to build their confidence, and teach them the social skills they lack.

Idealistic stuff, but unrealistic. Employers can’t do anything about changing parental behaviour, addiction to social media, or youngsters’ entitlement mentality and expectations of instant gratification.

That leaves us with a generation unsuited to meeting the challenges of finding jobs, holding them and progressing, in an era where automation is destroying jobs, with the destruction moving beyond mechanization of manufacturing

processes to threaten the high-level, higher-paying jobs which have long been the foundation of a prosperous middle class.

“Employment for many skilled professionals – including lawyers, journalists, scientists and pharmacists – is already being significantly eroded by advancing information technology,” Martin Ford says in his excellent *Rise of the Robots*.

Leading media, including *Forbes* magazine, are already using computers to research and create news stories without any human input in subject areas such as sports, business and politics. Machines are already widely used to do much of the work in the legal profession, destroying a large number of jobs. Although self-driving cars are in their infancy, they seem destined to devastate employment in the motor vehicle and road transportation industries.

As a parent or grandparent, what can we do to prepare our offspring for a new world being transformed by infotech hardware and software?

I have two thoughts…

One is that we have to shift the emphasis of upbringing, education and guidance away from the singleminded focus on acquiring skills towards one on practising values. Most youngsters fail not because they lack adequate skills, but because they have wrong attitudes. That’s why spending a lot of extra money on education fails to achieve its objectives. It avoids addressing the real problem.

Secondly, the jobs most likely to avoid being wiped out by aggressively advancing automation will be those where personal relationship is critically important. My granddaughter’s smile can never be substituted by a machine.

Germany Targeted as a Currency Manipulator

Trump clearly intends to advance America’s national interests by bullying its trade partners into agreeing to trade on better terms, and to stop using currency management as a weapon… or suffer the consequences in terms of access to the US market, the world’s most important.

The bullying began with threats to impose high duties on China and Mexico. Now it has spread to Europe’s largest economy.

Trump’s chief trade advisor, Peter Navarro, has publicly accused Germany of using a “grossly undervalued” euro… an “implicit Deutschemark”… to give it an unfair advantage over its main trading partners.

This is not a new accusation. It has been made before. But never, in public, by the most senior trade official of the US.

What’s more, there is some evidence in support of Navarro’s allegation that Germany gets enormous benefit from a currency that is cheap. And although it does not control the European Central Bank that manages the euro, it has major influence over that agency -- and manages its own economy so as to generate huge foreign trade surpluses.

Navarro is right that Germany’s chronic, huge current account surplus – 8.8 per cent of GDP – “saps global demand and seriously distorts the global economy,” says *The Telegraph*’s Ambrose Evans-Pritchard.

It is also illegal.

Rules of the European Union prohibit persistent foreign trade surpluses such as three years in a row above 6 per cent of GDP. “Germany is not even close to compliance, and the picture is getting worse, not better.”

This violation is a much bigger threat to the long-term viability of the European monetary union “than the trivial budget infringements by minnow states so fiercely condemned by the European Commission.”

Brussels “tolerates Germany’s open breaches of single-market rules and competition policy,” just as it ignored equally clear violations of EU treaty law relating to the Germany/Russia Gazprom pipeline, and why “it fails to do anything about Germany’s violation” of foreign trade rules.

“Germany flouts the law with impunity, even as it lectures others.”

Although Germany didn’t design the monetary union to favour its interests, its involvement “was never entirely innocent,” says Evans-Pritchard.

Its business leaders had long been angry about periodic devaluations by Italy and France in the pre-euro era. “They were fully aware of the mercantilist advantage of fixing the D-Mark rate in perpetuity, and their influence played its part in securing German acceptance of the Maastricht treaty.

“Once the euro was under way, Germany then pushed through policies in labour law and tax policies that amounted to an ‘internal devaluation’ – cutting unit labour costs in manufacturing in the single year of 2005 by 4.4 per cent, for example.”

Large foreign trade surpluses such as Germany’s “are invariably the result of tax policies, regulations, hidden barriers, and an overall governing structure that punishes consumption and fosters exports. Germany, for example, forces households to cross-subsidize the power costs of export industries.”

Its policies are a new weapon for its trade rivals such as the US to use against Germany, but they are also a steadily-increasing focus of anger within the Eurozone, which is seen as a “warped mechanism” that “allows Germany to lock in a permanent ‘beggar-thy-neighbour’ trade advantage over Southern Europe, inflicting mass unemployment on the victim countries.”

How much longer before the intense anti-German anger so visible in minor member-states such as Greece, spreads and explodes in major ones such as Italy, even France?

Italian prime minister Matteo Renzi already argues publicly that Germany’s large foreign trade surplus “is a violation of the rules that hurts all of Europe,” and weakens it to the “sole benefit” of Germans.

Barack Obama played a crucial role in the June 2012 debt crisis, intervening behind-the-scenes to force a U-turn in German policy to save the Eurozone.

His successor, it seems, takes the opposite view, that the monetary union should be broken up, as it is a mercantilist tool favouring Germany and a systemic threat to America’s commercial interests.

Maximizing Your Investment Returns

The first thing most people look at when considering an investment is the annual rate of return they expect to make out of it. Return is the "rent" you enjoy as payment for investing your capital rather than going out and spending it, and also the "reward" for the risk you take. There is always an element of risk in any investment.

The return usually, but not always, consists of two parts – income and capital, the latter coming in the form of cash or capital gain.

The cash element is usually paid annually or more frequently, usually measured at an annual rate. The capital element of return – the profit you make when selling an asset compared to what you paid for it – should always be converted to an annual rate.

Return taken in the form of capital gain has the advantage over most kinds of income in that it is usually taxed more favourably, or may even be tax-free, depending on which country where you pay tax. But income offers the advantage for many, especially retirees, of being in the form of cash.

You can always keep some of your savings in the form of gold coins or bars, readily convertible into cash. But that becomes tiresome if you need to do so every month, and may have adverse tax implications.

In considering any investment, you should add together the income and capital gain you expect to make – the latter being a forecast based on your experience, or research – and express that as an annual rate as a percentage of the current capital value of your investment.

The capital you invest includes not only the "price" of the investment, but also the cost of making it. For example, if you buy shares, in addition to paying the price for them asked by the seller, you also have to meet various charges such as brokerage.

If you invest in a fund or savings product such as those offered by banks, there are always charges of some kind. They are often substantial, and they're not always apparent or clearly and fully revealed. Return should be calculated, not on the selling price quoted, but total cost including all charges and taxes.

There are several pitfalls to watch for when comparing the rates of return offered by different investments. What professional advisers tell you is not necessarily the whole story…

► Firstly, there is the compounding factor.

When making an investment, you are entitled to a return on the return itself, unless you are drawing all the return in cash (as is the case of interest paid on a loan stock). It is usual to assume that the return you enjoy on your ploughed-back return is at the same rate as the return on your original capital investment.

There can be an enormous difference between a COMPOUND rate of return (the one you ought to use for all comparisons) and a SIMPLE one, as the following example shows.

Suppose the value of an investment asset such as a rare postage stamp increased from $1,000 to $10,000 over ten years.

There are some who would claim that the average annual rate of return would have been 100 per cent (1,000 per cent growth divided by ten years). In fact the figure is 25.9 per cent. If an asset costing $1,000 yielded an average annual rate of return of 100 per cent, taking into account ploughing-back of return each year, its value after ten years would not be $10,000 but $1,024,000.

You can find a true rate of return using a financial calculator.

► A second major pitfall is inflation.

If you invest $1,000 in an asset yielding a combined return (income and capital gain) of say 10 per cent, but inflation averages 15 per cent a year, then after ten years your original capital will have grown to $2,594. But its purchasing power will be only $640 in today's money. (In current conditions it may seem absurd to assume inflation at 15 per cent, but that or even much higher rates happened in the past, and could return).

It is important to differentiate between a "nominal" or ordinary rate of return (one that has not been adjusted to take inflation into account) and a "real" rate (one that has been adjusted for inflation).

Low-yield investments are more sensitive to inflation

You may think that inflation affects all investments to the same degree, but that is not so. Apart from the fact that a rising rate of inflation tends to boost the value of some kinds of investments and reduce the value of others, inflation also has a proportionately heavier impact on all investments showing relatively low nominal rates of return. For example, if the rate of inflation is 5 per cent, an investment yielding a nominal 10 per cent gives you a five times higher real yield than one providing a nominal 6 per cent (5 per cent as against 1 per cent).

► A third pitfall to watch for when comparing rates of return – particularly in the case of certain investment assets, such as collectables – is that often rates of growth in capital values are quoted that ignore the substantial difference between buying and selling prices. You should always estimate this difference (the buy/sell margin) and adjust downwards your forecast rates of return to allow for it.

► A fourth pitfall – affecting all investments that produce a regular cash income – is that you cannot make an accurate comparison of rates of return unless you know the frequency of payment or calculation of interest automatically reinvested (annually, quarterly, monthly, daily?) and whether it is paid in arrear (the usual basis) or in advance.

For example, a 10 per cent rate paid annually is worth 10 per cent, but if it's paid half-yearly it's actually worth 10.25 per cent; if quarterly, 10.38 per cent; if monthly, 10.47 per cent; and if quarterly in advance, 10.64 per cent. So before putting your money into any fixed-income investment, first find out how frequently the interest accrues, and whether you are paid in arrear or in advance. It does make a difference.

► A fifth pitfall is that rates of return vary from one investment to another because they reflect factors that are important but hard to measure such as risk and liquidity.

There's obviously greater risk in, and so should offer a higher yield, where you make a loan to an individual rather than one made to, for example, a major bank. There's a chance that you might not eventually get back part or even all your capital in the former case, but that's most unlikely if you make a deposit with a major bank. Should it get into serious trouble, your money will be safe because it will be protected by insurance or government intervention.

Liquidity is the ease with which you can cash in your investment. If that could present any difficulty, including delay, potential imposition of exit charges, or temporary freezing of repayment in a financial crisis, then you may wish to stay away from such an investment. If you nevertheless wish to proceed because the return offered is so attractive, then at least be aware that the margin of advantage is compensation for potential illiquidity.

It is possible to lock yourself into fixed nominal rates of return from certain kinds of investments, but this in itself carries an inherent risk that rates offered on the same investments, newly made, may rise, leaving you stranded earning a lower rate.

To forecast the real rate of return you can expect to receive on any investment, you must work out the predicted rate of income (interest, dividends, rents), add or deduct any capital gain or loss that is likely, and deduct the expected rate of inflation over the period you are considering. You may wish to adjust the final figure to take into account what you'll lose in tax.

In forecasting capital gain, remember that the past is not necessarily a valid guide to future performance. Each asset should be studied separately. It is generally better to invest in those where prices are depressed and the outlook seems gloomy, than in those where prices are buoyant and the outlook seems bright.

If the inflation rate does accelerate, growth assets such as shares, equity fund units, real estate, precious metals and collectables can, over the long term, be expected to adjust to it. Life insurance investment products, less so.

As a higher inflation rate leads to higher nominal interest rates, fixed-income investments get left behind. Those with varying capital values get hurt the most. If inflation falls, as happened for long periods during the past half-century, the reverse is true.

Forecasting a rate of return is always difficult, but you should do it to compare alternative investments. At the very least, it will alert you to some of the dangers and opportunities in particular investments.

The Land of Rising Dividends

The average income yield on stocks is now higher in Japan than in the US. And although payout ratios (dividends as a proportion of earnings) are low relative to international peers, they are improving quite strongly.

Dividends are "being raised relentlessly," says Price Value Partners' Tim Price. Incredibly, some international analysts say Japan is now an equity income play, after decades when its companies were notorious for neglecting their shareholders.

Whereas "the balance sheets of US companies are groaning with years of accumulated debt, Japanese balance sheets are now the strongest in the world,"

Tim says. Stock buybacks are now accelerating, and unlike the US, where buybacks are "debt-fuelled," those in Japan are funded out of cash. John Seagrim of CLSA says: "The deep value opportunities in Japan are almost endless," with 1.480 listed companies trading below their tangible book values.

For the first time in years, the Japanese stock market now has strong domestic support. Jeffrey Gundlach says the government is encouraging it via three sources of "pretty much automatic buying" at an annual rate in excess of 5 per cent of total market capitalization. The central bank is buying ¥6 trillion (about $53 billion) worth of equities every year, corporate Japan is investing about the same amount, the state pension fund ¥5 trillion, private investors about ¥4 trillion.

Share values are underpinned by the weakening of the currency (which stimulates exports via lower prices in dollar terms and protects the domestic market against imports). Gundlach suggests investors should buy the Wisdom Tree Japan Hedged Equity Fund, which offers international investors exposure to Japanese shares while protecting them against currency weakness relative to the dollar.

If you prefer to invest directly, and favour equity income counters, take a look at a longtime favourite of mine, Kaken Pharmaceutical. It has an outstanding dividend payment history, with annual dividend growth averaging 13.6 per cent over the past five years, an earnings growth average of 24 per cent, and currently can be bought on a dividend yield of 2.5 per cent, 3.4 times covered.

Where's the Best Place to Invest Now

The long-time American enthusiast for investing in Asia – like me, he's relocated there – has a new favourite. Jim Rogers, the guru who first achieved fame as George Soros's partner, now says the best place for international investors to put their money is Russia.

It has the 12th largest economy, with output of $1.3 trillion a year, has vast natural resources, and doesn't have significant foreign debt.

It's been mired in recession due to the oil price collapse and international sanctions imposed because of its military interventions in Ukraine. But now Trump is US president, improved relations should provide a boost to the depressed economy. Sanctions will be removed, Rogers predicts.

He has been investing heavily in Russia recently.

Although a longtime China bull, he's no longer optimistic about its immediate investment prospects because of the risks of a trade war with the US. China exports four times as much to America as it imports.

Rogers is no longer buying Chinese investments, although he's not yet going short on them either, as he remains long-term bullish on sectors such as healthcare and environment improvement.

Rogers, who has lived in Singapore for nine years, says: "I don't think many people – if any in Washington -- understand what's happening [in Asia]. They don't understand that Japan is in decline… that North and South Korea will be merging soon. They don't understand the rise of China.

"If you look at the largest creditor nations in the world, they're all in Asia... This is where the assets are, where the demographics are positive, where the energy is."

Thumbs Up for the Rebels

To the dismay of establishment politicians and their increasingly partisan media, investors welcome the populists' coming to power or the prospect that they may be about to do so. Stock markets are hitting new all-time highs and/or are currently showing renewed strength.

One reason is that the flood of pessimism from almost all the "experts" about awarding victory to the populists has proved to be absurdly wrong, even when their leaders are colourful characters such as Donald Trump and Rodrigo Duterte, unattractive as they may seem, who have the courage to advocate and implement highly controversial but wildly popular policies.

The US economy is picking up speed. The UK has defied forecasts that the Brexit vote would damage its economy, posting the fastest growth among G7 leading countries last year. The Philippines' economy delivered spectacular growth in 2016, despite the uproar over Duterte's policies – 6.8 per cent, even more than China. Despite improving prospects for France's Marine le Pen in May's presidential election, the French economy seems to be picking up speed.

It's not only investors who are "voting" in favour of the populists. So are many entrepreneurs. The proportion of small businessmen in the US optimistic about conditions has surged to near-record levels, from 12 per cent in November to 50 per cent in December.

"Small businesses potentially stand to benefit from tax cuts, both corporate and personal, and from a more business friendly environment," explains RiverFront Investment.

The disconnect between the supporters of globalization and the cheaper goods they enjoy, and its opponents who pay the price in terms of jobs lost to foreign factories and businesses destroyed by foreign competition, was almost completely ignored by ruling elites and establishment media, until the political consequences started to erupt. The latter cannot understand how people can rebel against a system that is so clearly a Good Thing.

Philip Haberman says in a letter published in the *FT* that critics of Trump's foreign trade policies because they're contrary to the benefits of globalization fail to understand the support for them by Middle America. Given the choice, many Americans "might say they would rather pay more for their products than see themselves and their neighbours out of work."

Why America Is No Longer Great

According to a new index that rates how Western nations are facing up to current long-term trends including ageing populations, technological innovation, the knowledge society and globalization, the US ranks only 23rd out of 35 OECD economies.

One reason, Bill Emmott reports, is that despite spending 18 per cent of its economic output on healthcare, the US has high levels of obesity and relatively bad health-adjusted life expectancy – poor health is one cause of a recent lag in productivity growth.

Also, "the US is much less good than it thinks on innovation and knowledge, despite standing proudly at technological and intellectual frontiers," while "inequality of education, income and gender makes the US worse than other countries at dispersing that innovation and knowledge through the economy and society."

For example… female labour-force participation rates are higher in Japan than in the US, while state-level licensing of jobs now ensnares a quarter of workers "in red tape that cripples interstate mobility of labour…

"Far from being a hotbed of competition, in American business, power has actually become more concentrated and oligopolistic, at the expense of consumers and workers."

The Nordics Are Great Places for Iconoclasts

Sweden has moved up into second position in Bloomberg's last Innovation Index, which ranks economies according to factors such as research and development spending, high-tech companies and patent activity. Three Nordics – Sweden, Finland and Denmark --are in the top eight nations, with the global list headed by South Korea.

Swedes do so well because they operate in a culture that favours "great personal ambition" which encourages innovation, says Magnus Henrekson, director of the Research Institute of Industrial Economics, a private foundation in Stockholm.

People are "super-individualistic." They are very interested in pursuing ideas that can bring them wealth. "The incentives are there, and the tax system favours them."

Although the economy has traditionally been dominated by big multinationals, government support is focused on small companies and promoting research and development.

Reality-Based Investing

This is what commentator Stephen Foley says you ought to do to profit from the Trumpian era: You should look at what the new president says, then measure against realities, and only back those with your money.

For example: "Election slogans about repealing the Affordable Care Act are all very well, but the reality is that removing insurance from millions of Americans will be politically difficult, so the collapse in patient numbers that bond sellers feared after election day, may not ultimately be the outcome." [They were selling the bonds of heavily indebted hospital operating companies].

Reality-based investors who swooped to buy bonds such as those of Tenet Healthcare after their post-election plunge “have either made a healthy profit, or are getting a handy yield if they have not yet sold.”

RiverFront Investment’s Rod Smyth says it’s important “to avoid the emotional cycle generated by the headlines,” such as the alarming rhetoric on international trade, and to judge what policy changes will actually occur. “Policy negotiation through tweeting is just a part of the new world.”

Tailpieces

Out-of-sight home prices: Residential property in Hong Kong is the most expensive in the world relative to middle-class incomes, according to the latest survey of 92 global cities in nine countries with populations of more than one million by the American research group Demographia. Hong Kong’s median house price of (US) $922,000 is 18 times the median household income of $51,000.

The next most expensive cities are Australia’s Sydney (12 times incomes), where prices have rocketed 16 per cent over the past 12 months; Canada’s Vancouver (nearly 12 times); New Zealand’s Auckland (10x); and California’s San Jose (nearly 10x). The most expensive place in the UK relative to income is not, as you might think, London, but the south coast resort of Bournemouth (almost 9 times incomes).

Equity income: “Dividend growth stocks are likely to remain “one of the most fertile fields for income seekers,” says BlackRock’s global chief investment strategist Richard Turnill.

Rising interest rates making bonds more attractive as a source of income could hurt high-yielding dividend stocks with premium valuations and low growth rates – the so-called bond proxies. But not quality companies with enough free cash flow to sustain dividend increases over time. In fact they are likely to do better than average equities over the next five years, which “have little room to run amid high valuations and tepid earnings growth.”

Funds: ETFs or trackers? For most retail investors following a passive strategy – not managing actively making decisions about selection or timing -- index tracking funds are a better choice than exchange traded funds, according to research done back in 2003 by Princeton professor Leonard Kostovetsky. Their costs are likely to be lower.

Passive institutional investors, on the other hand – and active traders -- may prefer the qualitative factors of ETFs such as their ability to rebalance using cash-cost-free in-kind creation and redemption of units.

Watch for this signal: Bill Gross, the famous American investment manager, is not one who believes that the bull market in bonds is over. But the break point is perilously close.

The yield on ten-year US Treasuries is now about 2.4 per cent. Watch for the 2.6 per cent level, Gross advises. “If 2.6 per cent is broken on the upside… a secular bear bond market has begun.” That’s much more important than the Dow Jones Industrials index breaching 20,000, or the oil price reaching $60 a barrel, or dollar/euro parity. “It is the key to interest rate levels, and perhaps stock prices,” this year.

German investments: Residential property prices rose more than 10 per cent last year. The market has begun to mutate after ten years of riding prices "from a bull market into a bubble," comments CLSA's Christopher Wood.

The stock market is looking good, too. Last year listed companies generally showed no earnings growth. But this year the IBES consensus forecast for the DAX index is a rise of 11 per cent.

Eurozone: Its breakup looks unlikely given what the financial consequences would be. At the end of November Italy's so-called Target 2 borrowings reached €359 billion. European Central Bank governor Mario Draghi says "if a country were to leave the Eurosystem," such liabilities "would need to be settled in full."

Getting it wrong: The average American hedge fund gained less than 3 per cent last year. Mutual funds didn't do much better. If you'd invested in the ten stocks they favoured the most at the start of 2016, your return would have been less than 6 per cent – but if you'd bought the ten least favoured, you would have gained more than 13 per cent.

Tax amnesty a stunning success: Indonesia's scheme to induce its rich families to disclose their hidden wealth with an offer of ultra-low tax rates on offshore and onshore assets achieved 90 per cent of its target in just three months, with assets worth $267 million being declared. A quarter were offshore, of which 70 per cent were in Singapore.

Oil: BP says in its annual energy review that oil companies should brace themselves for prolonged pressure from low prices. The $100 a barrel prices reached before the 2014 crisis are unlikely to return.

Plentiful supply will keep fossil fuels as the dominant source of energy for decades to come despite strong growth in renewables. Oil, gas and coal are expected to account for three-quarters of energy supply in 2035.

China: One statistic showing how successful is its policy of reshaping its economy to become less dependent on foreign markets is that the ratio of economic output to exports have fallen to 20 per cent from its peak in 2006 of nearly 39 per cent.

Snake farming: Luxury-goods group Kering – its best-known brands include Gucci, Balenciaga, Yves Saint Laurent – has bought its own python farm in Thailand to ensure that its snake skins used in its fashion products are ethically sourced. It's also working with farmers in Mongolia to ensure that its supplies of cashmere have minimal adverse impact on the environment.

UD Wise words: *As a rule in politics, bet on the side that is not on the street.* Janan Ganesh.

Martin

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