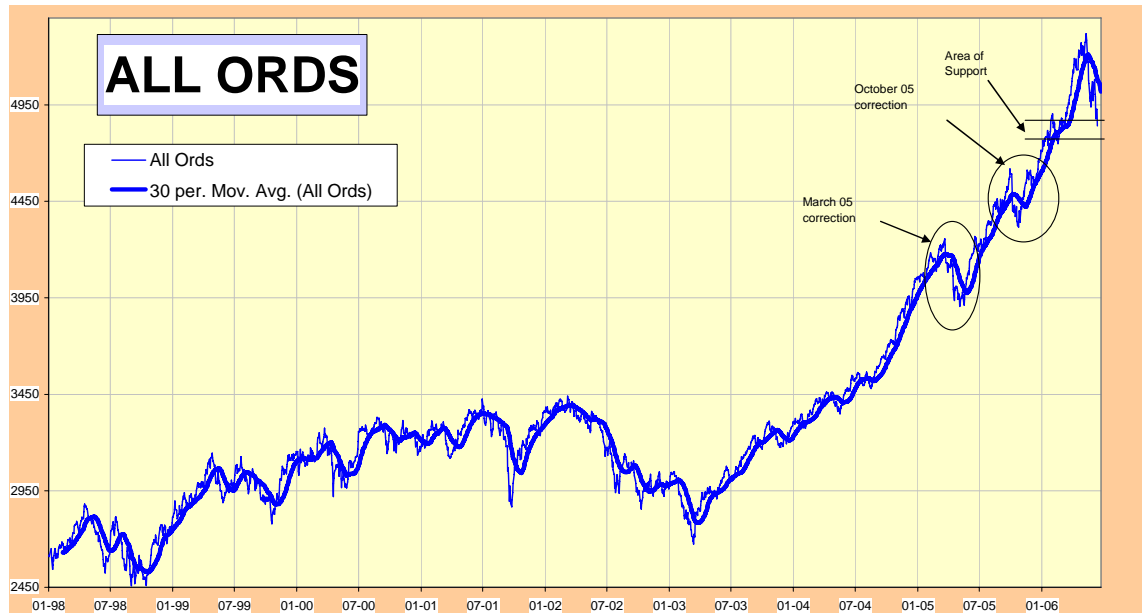


Today's Market

The fall today takes the market to about the levels we suggested were where it would fall to if this was a “normal” market correction. The degree of panic today is the kind often associated with a market low.



The key question remains the growth and inflation risk in the US, as we explained in our previous comments. Recent data since the comments have suggested that US growth is slowing – hence the weakness in resource prices. And such inflation data as we have suggest that there will be one more rise in US interest rates. However, the Federal Reserve is well aware of the risks of overtightening, and will continue to move cautiously.

A lot of potential economic weakness has now been priced into markets, and the probability is that short-term there will be a “bounce”. However, as always, we have no certain way of knowing what will happen. We have sold half of non-oil resources for most clients, and hold the proceeds as cash. Your portfolios are defensively invested.

We are monitoring your portfolios and events as they unfold, and will contact you if we believe any further action is necessary.

If you wish to talk to us, please do not hesitate to do so.