

Looking Back, Looking Forward



Creative Wealth Management

Our review of 2017 and our look forward to 2018

LOOKING BACK LOOKING FORWARD

Welcome to our review of 2017 and our look forward to the New Year. We've gone through the last 12 months and picked out all the important numbers - and some of the not-so-important ones - to tell the story of 2017 and take an informed view at what might be on the horizon for 2018.

One of the biggest stories of last year was the crypto-currency, Bitcoin. Having started the year by reaching the dizzy heights of \$1,000 (£740) the blockchain-based currency ended it by flirting with \$15,000 (£11,100). At the time of writing some people are apparently re-mortgaging their homes to buy Bitcoin: alternatively sober, sensible, central bankers are warning of a bubble that could burst at any moment.

The year was also notable for tensions in the Far East as North Korea launched a steady stream of rockets and leader Kim Jong-un used his Christmas message to boast that "the nuclear button is always on my desk." Tensions in the region remain high, with the US and South Korea conducting joint military exercises and Kim claiming to have an ICBM that can strike anywhere on the US mainland.

In the UK 2017 was the year of the General Election: the campaign started as Theresa May's coronation - with pundits confidently predicting a majority of 100 - and ended with the Conservatives entering into a coalition government with Northern Ireland's Democratic Unionists. There were also elections in France and Germany and the year closed with Angela Merkel - German Chancellor since 2005 and de-facto leader of Europe - looking distinctly vulnerable, but likely to remain in power.

Let's take a look at the numbers that made the headlines...

JANUARY

1,029

The price in dollars (equivalent to £762) that Bitcoin reached as it subdivided into 'micro-bits' to make purchases easier.

Looking forward

Bitcoin is now hovering around \$15,000. Some people are re-mortgaging their home to buy the currency, others say a crash is inevitable. It seems certain that we will one day have a cryptocurrency running alongside 'traditional' currencies: however, there is no guarantee that it will be Bitcoin...

£12,887

The Office for National Statistics revealed the average amount of household debt in the UK, before mortgages are taken into account.

Looking forward

The position hasn't improved in 2017 and wages look set to continue to lag behind inflation next year.

FEBRUARY

5,000

The number of new jobs Amazon said it would create in the UK, taking its staff in the UK up to 24,000.

Looking forward

Sadly there was no word from Amazon on the future of the British High Street: with several high street outlets reporting disappointing Christmas sales town centres look set to have another difficult year.

9

The number of consecutive years in which Royal Bank of Scotland - 72% owned by the taxpayer - has failed to make a profit. In February it reported a £7bn loss.

Looking forward

Robotics, artificial intelligence and 'fintech' (financial technology) could signal the end of the high street branch. Expect the UK banking sector to look very different in ten years' time.

MARCH

70

The age the UK pension age was forecast to reach by 2050.

Looking forward

Their wages are lagging behind inflation, they can't get on the housing ladder and now they'll have to work until 70. No wonder millennials are upset.

6.5%

China cut its growth target for 2017 from 6.7% in the previous year to 6.5%.

Looking forward

It may represent a slowing down in China but it is a growth rate the West can only dream of: China will increasingly dominate the world economy.

APRIL

£36m

The amount of money Google paid in UK Corporation Tax.

Looking forward

Well, at least the Chancellor received something. But the UK - like many Western countries - continues to have a 20th Century tax system struggling to cope with a 21st Century worldwide economy.

2%

The International Monetary Fund upgraded its growth forecast for the UK.

Looking forward

This came immediately after Theresa May called a snap General Election with everyone predicting a comfortable Tory majority. The figures were subsequently revised downwards through the year, although there has been good news for the economy in the first weeks of the New Year, with UK manufacturing reaching its highest level since February 2008.

MAY

99

The number of countries hit by the WannaCry ransomware virus.

Looking forward

WannaCry was swiftly followed by the even more serious NotPetya - expect plenty of similar attacks in the future.

66%

The percentage of the vote captured by Emmanuel Macron as he became France's youngest leader since Napoleon.

Looking forward

Seven months on Macron's popularity has plummeted as the French right looks to revive under its new, hardline leader, Laurent Waquiez.

JUNE

318

The number of seats the Conservatives won in the June General Election.

Looking forward

Forced to rely on the 10 Democratic Unionist MPs for a working majority expect plenty more twists and turns on the road to Brexit, as the Prime Minister continues to struggle to exert her authority.

2

The Italian government had to bailout two banks in the Venice region at a cost of €5.2bn (£4.6bn).

Looking forward

You thought bank bailouts were a thing of the past? Think again. Several Italian banks are in a parlous state as the country's economy continues to struggle.

JULY

9.1%

Unemployment in the Eurozone fell to this level. It was hailed as a triumph.

Looking forward

The unemployment rate in the Eurozone is more than double that in the UK and the US. With robotics and AI estimated to take 800m jobs worldwide by 2030 something needs to be done - and quickly. Long term this is a much more pressing problem for Europe than Brexit.

2

The number of missiles launched by North Korea during the month.

Looking forward

As we noted in the introduction, it is hard to see how the tension in the area can be diffused. 2018 will inevitably bring more missiles and the ever-present possibility of a catastrophic mistake or misunderstanding.

AUGUST

£200m

Figures confirmed that the UK government had enjoyed its first July budget surplus for 15 years.

Looking forward

As figures in Philip Hammond's November Budget showed, forecasting the UK economy and public finances will remain very, very difficult.

64,000

UK unemployment fell again, in this case down to 1.49m.

Looking forward

Unemployment is now at its lowest level since 1975 and - after staying low for much of last year - there was finally good news on UK productivity. Early in the New Year the Office for National Statistics reported that hourly productivity in the third quarter of last year was up 0.9% - the biggest rise since 2011.

SEPTEMBER

8th

UK manufacturing leapfrogged France and moved up a place in the world manufacturing league table.

Looking forward

British manufacturing is now worth £185bn a year according to UN data, with most entrepreneurs and directors optimistic about their company's prospects for 2018.

33%

The percentage of the vote won by Angela Merkel's centre-right coalition in the German election.

Looking forward

Merkel's position is much weaker, with the far-right Alternative fur Deutschland taking 13% in the same poll, to become the third largest party in the Bundestag.

OCTOBER

203

The time, in minutes, Chinese leader Xi Jinping spoke for at the Chinese Communist Party Congress.

Looking forward

Xi outlined his plans for China's continued expansion and influence. With no obvious successor in sight do not be surprised to see him go beyond the normal two terms in office.

3%

The expansion in the US economy in the third quarter of the year.

Looking forward

More good news for Donald Trump. In November he announced that the pro-business Jerome Powell would replace Janet Yellen as Chairman of the Federal Reserve.

NOVEMBER

7,560

The FTSE-100 index of leading shares closed at a record high during the month.

Looking forward

The FTSE ended the year at 7,688 - up 8% for the year as a whole. It has advanced again in the first two weeks of the New Year and as I write is hovering around 7,720.

\$300bn

The amount of trade deals President Trump claimed to have done on his tour of the Far East.

Looking forward

Trump has now been President for almost a year. Like him or loathe him he has delivered much of what he promised.

DECEMBER

11

The number of Conservative MPs who rebelled, leading to a defeat for the Government and parliament having the final say on the Brexit deal.

Looking forward

Some Remainers fear this will make a 'no-deal' exit more likely. Some Brexiteers say the UK will become a 'vassal state' of the EU. The only certainties are the continuing infighting at home and negotiations with the EU continuing right up to the deadline of March 29th 2019.

800m

The number of jobs robots and artificial intelligence are expected to take by 2030.

Looking forward

We have touched on this above, and on our 20th Century tax system. Bill Gates suggests taxing the robots. One thing is certain: politicians and business leaders in the UK and around the world are going to face some fundamental and very difficult challenges over the next ten years.



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