

2020 VISION?

MARK PALMER – CHIEF COMMERCIAL OFFICER – HAMILTON COURT FX



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ENTREPRENEURS FULLY UNDERSTAND RISK MANAGEMENT?

- 1. Strongly Agree
- 2. Agree
- 3. Neither agree or disagree
- 4. Disagree
- 5. Strongly Disagree

WHAT ISSUES DO YOU FEEL WILL AFFECT YOUR OWN BUSINESS MOST DURING 2020?

1. Brexit, Trade Agreements and Trade Wars
2. Access to Credit/Debt, Banking Relationships
3. Existing Client Relationships
4. New Client Acquisition
5. Existing Employees and New Recruitment
6. Unknown event/s



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WHAT WE'RE LOOKING AT THIS YEAR

- Brexit
- Credit Markets
- Equity Markets
- Central Banks
- Climate Change
- US Election



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BREXIT

“We will leave the EU under the terms of the transition agreement at the end of January. We will continue to be bound by the terms of this agreement until at least the end of 2021 – Boris will need to find another analogy that convinces us that ‘laying dead in a ditch’ isn’t as bad a leaving the EU without a deal”

Mark Palmer – A Monday Morning in January 2020

CREDIT MARKETS

- 2019 saw record corporate bond sales- \$2.5trillion of fresh issues sold globally
- Demand goes up, the price goes up – which means yields fall
- Yields fall, investors search for better returns and move down the ladder...
- Defaults in lower investment grades hurt sentiment, higher investment grades struggle to refinance



EQUITY MARKETS

- 2020: The year of the reality adjusted return...?
- 2019 saw stock markets put in a record year. 24% up on a global developed basis
- 2019 saw companies post earnings growth of around 0.24%
- How does $100 + 0.24 = 124$?

CENTRAL BANKS

- In the US it's taken 3 Fed Chairs and 12 years to raise rates by 1.5% (and it's now falling)
- During Mark Carney's term he's raised rates twice and cut them once – maybe twice by the end of Jan!
- Japan's interest rate hasn't been above 0.5% since 1995
- The combined balance sheets of the Fed, ECB, BoJ & PBoC is \$20 trillion

CLIMATE CHANGE

- CC goes mainstream and consumers will vote with their feet.
- Companies make CC management central to their business model
- Governments open their wallets
- A long term agenda designed to restructure economic growth and financial sustainability models

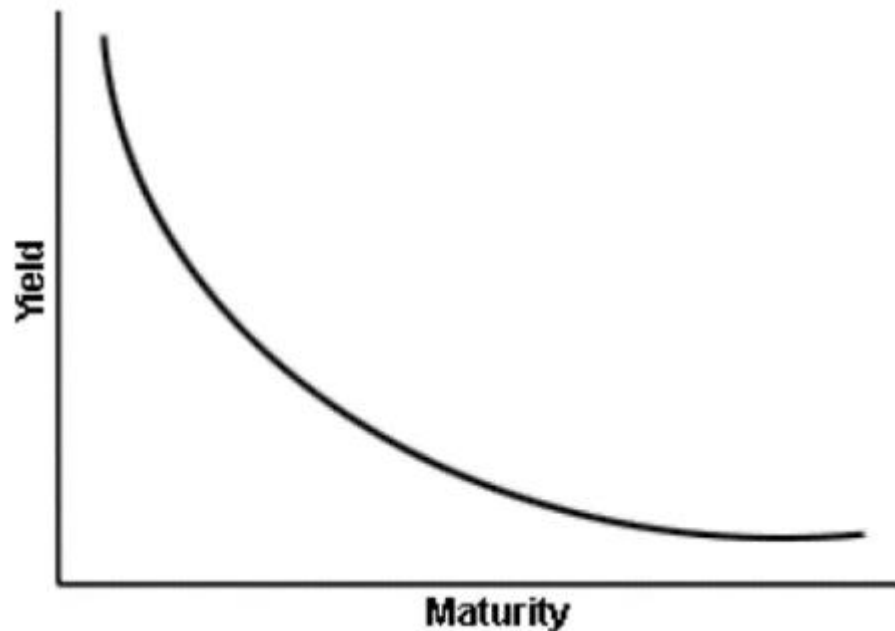
US ELECTION 2020

- Trump won't be impeached and will win again, unless...



WHAT ARE WE LOOKING FOR OVER THE NEXT FEW MONTHS?

- European parliamentary elections.
- Inverted US yield curve.



WHAT'S PIQUING OUR INTEREST FURTHER DOWN THE LINE?

- US Presidential Race 2020.
- Global economic slow down.

WHAT KEEPS US UP AT NIGHT?

- Credit.
- Inflation.



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HOW WE ASSESS RISK

- Majestic Wine
- 2019 £300M+ turnover, £66M Gross profit, £56M stock, £30M+ future stock liabilities
- £200M FX per annum, EUR, USD, NZD, AUD & ZAR
- Margins vary from 5-20%
- Buying time lines 3-18 months,
- High Street and online, requires fast reaction to competitors pricing and sales campaigns
- Climate Change, Napa and Oz fires



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THANKS FOR LISTENING

ANY
QUESTIONS

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