MUNRO

Comment

January 2025

UK equities rise but tax burden weighs

The UK equity market started the new year well with a gain in mid-single digits for January. All sectors had positive returns ranging from low single digits for Utilities to high single digits for Information Technology, Energy and Industrial.

Although the macro-economic picture was not encouraging as forecasters pencilled in low economic growth for most regions apart from the US, there were helpful aspects. Interest rates are still predicted to decline modestly as inflation remains benign, at least for the time being. Currencies were broadly neutral and even though oil gained a few percent in the middle of the month they settled back to end the period broadly unchanged.

Forecasts for total dividends from the UK stock marker increased modestly over the month. The major positive impact came from the Oil sector which overcame falls in mining stocks.

For UK-focused companies, the overriding concerns remain the lack of economic growth and having to adapt their businesses to cost pressures, much of which are driven by tax. That, it seems, is largely being done by shedding labour.

Valu-Trac Investment Management Limited

VT Munro Smart-Beta UK Fund

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