

press release

20 December 2011

2012: The Year Ahead

Gavin Oldham, chief executive at The Share Centre, predicts that although the stormy economic environment will continue to send waves of volatility across the UK stock market during 2012, the FTSE 100 to end the year significantly higher at 6,565.

“In the early part of the year Eurozone instability will continue to plague the market. However we are not far off the end game, with the options being:

- The issue of Eurobonds secured centrally, plus significant Quantitative Easing (printing money) programmes from the European Commission of Banking. This would imply German capitulation following solid support from at least the 17 Eurozone countries for the fiscal discipline regime.
- A horizontal split of the Eurozone into the Euromark and the Eurolira (the French could go either way), or potentially a more disorderly collapse.

“Either outcome would be good for the UK market. The first self evidently, the second because the UK Government would stand behind British banks in the unpredictable chaos of a Eurozone split with the Bank of England increasing Quantitative Easing as necessary. Our export prospects to northern Europe would then benefit substantially from a much stronger Euromark.

“Later in the year the market will become preoccupied with the American presidential election and the prospects of trade restrictions on China. These will not depress western economies such as the United Kingdom as they would imply a more vibrant US market. While China would suffer considerably from trade restrictions, its failure to open up domestic markets also means less UK exposure for our exports.

“One of the more interesting developments will be the UK’s relationship with the Republic of Ireland. The high level of trading and banking relationships between us would suggest that one possibility might be the Irish joining the pound sterling zone - a similar relationship to that proposed by the Scottish National Party in the event of full independence for Scotland.

“The plot thickens ...”

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Note to editors:

More information about the Share4Schools competition can be found at www.shares4schools.org

The opinions expressed in this statement are the personal views of Gavin Oldham and are therefore not necessarily shared by The Share Centre.

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The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPP's are also available.

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