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Market comment 29th January 2014 - a personal view of Brian Tora

Markets have been having a trickier time of late, with our own FTSE 100 Index shedding much of the ground made at the end of last year and the beginning of this, while Wall Street has been behaving in a similarly unsettled fashion. Given an improving economic picture, particularly on the employment front, it is worrying that investors have turned nervous, but markets never do move in a straight line.

The background to the selling pressure seems to be continuing concerns over what the end of monetary easing might mean. The fact that our own Governor of the Bank of England signalled in Davos that interest rates were likely to stay low, despite the drop in the jobless numbers, suggests even our policymakers are unsure of what the future might hold in store. It was all too easy to interpret his remarks as indicating a lack of faith in the sustainability of our recovery.

The fall in our market as the last week of January began was exacerbated by two Footsie stocks taking a dive. BG had warned that trading conditions were tougher than they had previously suggested, while US telecoms giant, AT&T, decided against mounting a bid for Vodafone, to the disappointment of short term speculators. An early sell-off for shares moderated, but surrendering earlier gains is becoming something of a ritual.

It is still too early in the year to see much in the way of results from those companies that work to a calendar year end, but a surprising flow of figures and statements are providing some guidance. The mix of businesses is wide and varied, so a taste of how a number of industries are faring is emerging. Needless to say, the experience they share is proving just as varied, with some companies, like BG and Carpetright, warning of tough conditions, while others like Ikea and Ford appear generally upbeat.

2014 promises to be an interesting year for investors. It has arrived with mixed signals being generated by both markets and companies, while plenty of geo-political uncertainty remains to undermine confidence. But it could be the year when we return to a degree of normality in terms of economic management and performance. Watching how we cope with the steady withdrawal on monetary support from central banks will be necessary, but my fingers are firmly crossed.

Brian Tora, who is a respected writer and broadcaster on investment issues, is a consultant to JM Finn & Co. Brian has enjoyed a long and distinguished career in the City. Any opinions expressed are his own and should not be construed as advice from JM Finn & Co. A version of this article may appear elsewhere in the press.