

# Nothing

## is certain



**David Pegler** from Brewin Dolphin, Brighton looks at the euro crisis and how it affects Sussex.

**G**iven the market mayhem that has embraced stock markets since March, savers and investors would be forgiven for needing a stiff drink.

And if they do, they should raise a glass to the far-flung corners of the world giving them hope all is not lost amid the euro zone storm.

Europe is still in crisis despite the narrow victory for the pro-austerity party, New Democracy, in Greece's second election.

The continued uncertainty is, sadly, not a surprise for people in Sussex.

It is not just Greece that has huge debt problems – the economies of Italy, Portugal and Spain are also in a desperate state.

The euro also continues to come under pressure and recently fell to a three and a half-year low against sterling.

Sussex investors are understandably in a cautious mood, highlighted by European investors rushing to snap up 'super-safe' German government bonds which pay a gross return of just 0.05 per cent.

In other words, many investors in Sussex are more concerned about the return of their money, rather than the return on their money – given it is unlikely they will make a bean on these bonds once inflation and tax have been taken into account.

Sussex consumers are concerned too, with surveys showing they are worried the crisis will have a negative impact on their finances.

There is certainly a good chance many of their investments will have taken a hammering over the past three months as the euro crisis has intensified.

If you can't remember the last time you reviewed your investments this could be the time to do so. But it is not the time for knee-jerk reactions.

Now is the time to draw comfort from the positives and focus on the long-term goals.

For starters, growth continues to come from outside the UK and the euro zone – notably Asia and other emerging economies.

Many British companies, which your ISA or your company pension invests in, generate a significant amount of their earnings from outside of the UK.

Vodafone, for instance, generates around four-fifths of its earnings from outside the UK.

GlaxoSmithKline has shifted its focus from the western world to the developing one, selling toothbrushes, vaccines and sports drinks to India, China and Brazil.

Many British companies are also paying yields of more than five per cent. A decent yield is not to be sniffed at a time when the Bank of England Base Rate continues to languish at a paltry 0.5 per cent.

Shares that offer these attractive yields include household names such as Tesco, Sainsbury's and HSBC.

It is widely anticipated the Federal Reserve is willing to pump money into the US financial system to help keep its economy moving, providing much-needed support to the global economy.

With much riding on overseas powerhouses such as America, it is worth noting former US President John F Kennedy once said: "The one unchangeable certainty is that nothing is certain or unchangeable."

It is a statement that sums up the euro crisis today – and it serves to remind Sussex savers why they should be prepared for every eventuality.

**■ If you would like help with discussing your savings and investments, contact David Pegler at Brewin Dolphin, Brighton on 01273 667239 or email [david.pegler@brewin.co.uk](mailto:david.pegler@brewin.co.uk)**