

Boris is out! But what does this mean for markets and clients' portfolios?

As you know, yesterday afternoon Boris Johnson resigned as Conservative party leader, stepping down from the role less than 48 hours after Chancellor Rishi Sunak and health secretary Sajid Javid began a record spate of resignations.

But what does Boris' resignation mean for markets and clients' portfolios, and importantly what should investors be looking out for in the coming months?

Clear winners from Boris Johnson's resignation might not be immediately apparent until a successor is found. Having said that, it's likely his successor will have a softer stance on Europe and Brexit negotiations, boosting positivity for UK domestic businesses found in the mid- and small-cap space which have been battered as of late.

This could be further boosted if the successor manages to right the UK ship and thus stabilise the pound, which would boost domestic businesses in the FTSE 250 and AIM.

The UK economy will always respond positively to a firm hand on the tiller of the country, so this is only a benefit for the economy and its prospects as we head into a time of economic contraction.


The crossroads of inflation and the cost-of-living crisis are also likely to be more clearly managed going forward. Both should boost the pound and boost domestic asset prices. The overarching caveat is the UK is ostensibly a lot closer to an economic recession than many other developed nations, so the storm clouds on the UK market are far from dissipating.

Should inflation begin to fade then one can reasonably expect more strength in gilts and more positivity in domestic stocks. However, the real catalyst for UK stock performance will be in the international market coming back to UK businesses and this change of leadership can only be a boon to that endeavour.

If you would like to speak with us about this latest news and what it means for your clients' investments, or to discuss our discretionary investment management services in general, please do not hesitate to get in touch.

TAM ASSET MANAGEMENT LTD

 www.tamassetmanagement.com

 +44 (0) 207 549 7650

 info@tamassetmanagement.com



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