Justin Urquhart Stewart is a distinguished British investment manager and business commentator, renowned for his extensive contributions to the financial services industry and his distinctive red braces. With a career spanning over four decades, he has co-founded significant financial institutions and remains a prominent media figure offering insights on economic and investment matters.

Justin Urquhart-Stewart's Monthly Exclusive Paper for Derek Arden's weekly briefing.

Confidence – Trick or Treat?

Think big but act small - and the danger of populist news

Gone are those halcyon days when you had a single digit number of television channels, a limited number of radio stations and games on our computers consisted of ping-pong and an aggressive digestive biscuit called Pac-man. The term "on-line" was probably a reference to your mother's washing hanging out and that strange word "internet" was either something other people used their basic computer for, or an implement you took for catching shrimps while on a long wet weekend on Cornwall.

So, was life better then? We probably thought so, but a lot of that can be put down to the fact that ignorance is bliss and we didn't know how bad things really were. Now we have advanced! We have direct access to more news, views and commentaries than ever before.

So, looking at the wealth of information in front of us, **what is the current economic situation for the UK?** Our Chancellor has so far not shown much financial and market acumen. She needs to create more confidence in the UK economy as markets are still wary of another Truss-style amateur fiasco.

Yes, she has cost the country a great deal of not just money but very valuable reputation. If she can focus on the growth areas (especially technology hubs and regional infrastructure) then green shoots will start to appear, but she should back this up not with direct tax incentives for corporates and investors.

And if she doesn't act swiftly, green shoots could easily be mistaken for advanced mould. She should also push investment funding and action to the regions and get away from the Treasury's fixation on centralised control. There is no shortage of funds for investment, despite what we are told, but the holders need the confidence to trigger action.

And for the rest of the world? The US President's "big beautiful bill" has already had an impact as US Treasuries (government bonds) have been rising in cost. **US debt is eye watering** and whatever you think of the recent departure of Mr Musk, his comments about US debt were quite right. **A key area to watch will be China's willingness to keep buying those Treasuries. China is often the largest holder of US debt and thus is a key financier of the US economy.**

These two nations may be often at odds with each other but equally cannot do without each other. So they both need to keep the party going – but if they start to falter, this is a key area of risk, especially if growth recedes and the risk of recession rises.

With all of this information in front of us, the latest on-line headlines sway our views one way or the other. Trying to have a sensible overview of the global economy is almost impossible. For every success there will be some failure and risk will be jumbled up with opportunities.

Best is to look at our own local position. And the purpose of this? To create confidence – and get people investing again.

Justin U-S

June 21st 2025