



Worthy of a diagnosis?

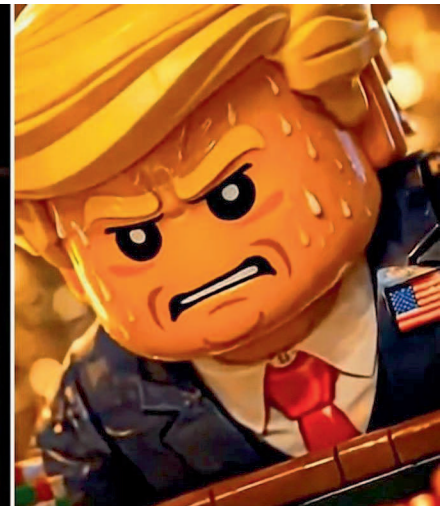
A client asks why I've been so quiet about the war in Iran since it started nearly two months ago. My response? I typically prefer not to comment on daily news flow, as most of it boils down to noise.

Paying too much attention to it, therefore, doesn't really help with longer-term investment decision-making. I'd much rather focus on company fundamentals ... those ultimately matter much more when it comes to stock market returns over time.

Is the war in Iran just noise? Perhaps it has felt like much more than that at times over the past seven or eight weeks, with the threat of nuclear fallout being part of the discussion. But if President Donald Trump performs in accordance with his well-established Taco playbook and retreats tomorrow, we can probably all agree it was mostly noise from a markets point of view. (I'm not trying to be insensitive to lives that have been lost and other impacts suffered in war-torn areas which may take years to repair. That is, of course, not noise at all; I'm simply referring to the financial market aspect.)

To illustrate just how much noise the market has had to deal with, consider all the contradictory statements by Trump since this war started. What follows is a shortened transcript of a clip that was sent to me, with actual quotes from the US president over the course of just the first five weeks of military action:

- March 3: We won the war.
- March 7: We defeated Iran.
- March 9: We must attack Iran.
- March 9: The war is ending almost completely and very beautifully.
- March 11: We must attack Iran.
- March 12: We did win, but we haven't won completely yet.
- March 13: We won the war.



- March 14: Please help us.
 - March 16: Actually, we don't need any help at all.
 - March 16: If Nato doesn't help, they will suffer something very badly.
 - March 17: We neither need nor want Nato's help.
 - March 19: US allies need to get a grip, step up and help open the Strait of Hormuz.
 - March 21: The Strait must be protected by the countries that use it; we don't use it and we don't need it to open.
 - March 22: This is the last time I will give Iran 48 hours – open the Strait!
 - March 22: Iran is dead.
 - March 23: We had very good and productive talks with Iran.
 - March 26: Make a deal, or we will just keep blowing Iran away!
 - March 29: Talks are progressing.
 - March 30: Open the Strait of Hormuz immediately or face devastating consequences!
 - March 31: A deal is very close – Iran will do the right thing.
 - April 1: We'll see what happens very soon.
 - April 2: A deal is likely.
 - April 3: Something big is going to happen.
 - April 4: Iran must comply immediately or face further consequences.
 - April 5: Open the Fuckin' Strait, you crazy bastards, or you'll be living in Hell, just watch!
- The bottom line is that no-one is in any position to know how much

longer all of this will take, or exactly how it will play out. In fact, given that there is nearly a week between my deadline for submitting this piece and the date of publication, everything I write here might be totally superseded by events by the time you read it.

Known unknowns

As a consequence, I don't really want to go on the front foot and give anyone false hope with a "glass half-full" point of view when perhaps all bets could be off tomorrow if the war intensifies again. By the same token, I also don't want to scare people out of their investments just because I may choose to focus on a more pessimistic scenario. The honest position is simply: I don't know ... and that doesn't really make for a great opinion piece!

Returning to Trump: when Nancy Pelosi, former speaker of the US House of Representatives, was asked about the president depicting himself as Jesus on social media last week, she responded by saying that it was not even worthy of a conversation – it was worthy of a diagnosis.

Meanwhile, financial markets are looking healthy enough once more, in spite of all the noise. With the S&P 500 having risen by more than 10% in just the first two weeks of this month, it seems like Pelosi's assessment also sums up how market participants have started to view the ramblings of an increasingly isolated US president. ✕
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