

Weeks where decades happen

23rd March 2020

“There are decades where nothing happens; and there are weeks where decades happen.”

- Lenin.

“My daughter just said to me, ‘Daddy, the stock market looks so scary, I’m afraid.’”

“I didn’t know what to say.

“I finally said, ‘You’re 27. Stop talking like that.’”

- Tweet from Eddy Elfenbein, 16 March 2020.

“I am 41. I survived the Falklands, Gulf War and the fall of the Berlin Wall.

“Mostly because I was in Brentwood, Essex for all of these events.”

- Tweet from James Worrton, 15 March 2020.

Well, that escalated quickly.

When historians come to run their lenses over the market and social environment of early 2020, the chances are that they will not treat the mainstream media particularly charitably. Nor should they. This is a point well discussed by the statistician Graeme Archer in his *Unherd* essay, [We don’t deserve our wretched media class](#):

The Times, this morning: “Boris Johnson will attempt to wrest back control of the coronavirus crisis today after No 10 was stung by criticism of its performance and the death toll rose to 35.” One small sentence, of the sort your eye glides over daily by the bucketload in our wonderful British press. Let’s take it apart.

The writers have no idea what is in the Prime Minister's mind, or whether he indeed woke up this morning and mumbled "I've gotta try and *wrest back control* of this virus, Carrie" (to which "From whom?" would be the only reasonable response), but tell us his entire government ("No 10") has been "stung by criticism" anyway. If I claimed to know what was in your mind and wrote it down as fact, how would you describe my behaviour?

That's not the worst offence against decency in those 30 words. Look at the sentence's end: the conjunction to link this intangible "criticism" with "the death toll rose to 35." As though the death toll might have not increased, might have been zero, had No.10 not been occupied by a man who drives a too-large proportion of the media into paroxysms of hatred..

The partisan sniping of the Establishment commentariat was bad enough during the Brexit debate – which by rights and any common democratic decency really ought to have been put to bed by now – but there's clearly a great deal of ruin in a fanatical and unreasoning fifth estate. Our mainstream media is not just being wrong, it's being wrong at the top of its voice.

If this were just a time of Brexit, or the last election, my disdain for the British media might matter, but not that much. It matters now, because a virus is trying to kill us.

There is one useful group of people to talk to about coronavirus. They're epidemiologists, cousins of statisticians. They're careful and thoughtful and combine medical insight with statistical modelling to make predictions upon which policy-makers — such as the Prime Minister — have to rely.

No epidemiological model is trivial and not one is obviously "right". *Uncertainty persists* (the statistician's maxim), and good modellers — of the sort I'm sure are advising Sir Patrick and Dr Witty — will make politicians aware of that. Those politicians then have to work out how to share that complex, dynamic message with us.

How much of that simple fact has been made apparent to you in the columns you've read this last week? How many epidemiologists have been given space to write columns, or front pieces on the BBC, or Sky?

In contrast: how many un-science columnists have written anything useful about anything? To what extent has their evident immunological ignorance modulated the authoritative tone in which they tell you what to think? "Who's up? Who's down? We decide!" At the best of times I find this reduction of politics to soap operatic cod-psychology irritating. At the dawn of this virological hinge-event, it should be unacceptable.

For shame on the media class of this country, incapable of raising its game, unwilling to change its politics-as-sport behaviour, more interested in rehashing its Boris-hatred than educating its readers about epidemiology and immunology: for *shame*. It's true we get the government we deserve. But surely we don't deserve this wretched media class, the blue-tick conspiracists who prefer paranoia to fact, factionalism to evidence,

hot-takes to science. Coronavirus is a terrible threat to our health, but it's the daily output of the British media that sickens me right now.

As Robert Peston might usefully attest, the role of the mainstream media transcends the role of the remote commentator at the sports match. No matter how violent or prejudiced the commentator, he stands no choice of affecting the outcome of the match. But the mainstream media, opining on social and financial affairs during a global pandemic – for example – has the malign power to impact the audience's behaviour, and therefore, directly, to impact the course of financial markets themselves. And so the markets become susceptible to some mad recursive doom loop as certain members disgrace themselves and their profession in their manic efforts to stoke alarmism and suppress common sense.

The answer, of course, in media consumption, just as in prudent investment, is to be highly selective, to seek out alternative voices, and to tune out the mob. In his excellent essay [Avoid News](#), Rolf Dobelli details

..my attempt to clarify the toxic dangers of news –and to recommend some ways to deal with it. I have now gone without news for a year, so I can see, feel and report the effects of this freedom first hand: less disruption, more time, less anxiety, deeper thinking, more insights. It's not easy, but it's worth it.

The headlines will get worse before they get better. In previous commentaries from a more innocent (pre-Wuhan Flu / SARS II) age, we highlighted our reservations about that growing consensus that Modern Monetary Theory (essentially QE¹⁰, or MOAS, "The Mother of All Stimulus") was about to be wheeled out. Now the authorities have no excuse to delay it any longer. Eddie Hobbs is surely right when he suggests that before the recovery we should expect to see:

- Helicopter cash
- A brief jubilee for mortgage debt
- Huge government borrowing at (currently) negligible cost
- A pyre of zombie corporations and banks (here's hoping)..

We don't know how long it will take to reach that recovery, but we're currently positioned as if the markets might even close for a short period – and perhaps they will. Our fiduciary duty is to attempt to protect and grow the capital of our clients. With that in mind, and in the anticipation of MOAS, we have continued to rotate out of (admittedly already cheap) industrial cyclical stocks into shares of precious metals miners whose valuations now defy rational analysis given the likely stimulus coming down the pipe. We continue to invest across three asset types: high quality 'value' stocks (and specialist funds); uncorrelated systematic trend-following funds (portfolio diversifiers and portfolio insurance); and precious metals, notably the monetary metals, gold and silver, and sensibly priced related businesses. Cash and bonds don't really qualify as investible assets given the industrial scale of what we anticipate at both a monetary and fiscal level. We don't make light of the severity of the situation and

we wish all clients and readers good health and good fortune. At the risk of appearing glib we sign off this week with a line from one of Francis Ford Coppola's finest films, *Apocalypse Now*:

Some day, this war's gonna end.

Tim Price is co-manager of the [VT Price Value Portfolio](#) and author of 'Investing through the Looking Glass: a rational guide to irrational financial markets'. You can access a full archive of these weekly investment commentaries [here](#). You can listen to our regular 'State of the Markets' podcasts, with Paul Rodriguez of [ThinkTrading.com](#), [here](#). Email us: info@pricevaluepartners.com.

Price Value Partners manage investment portfolios for private clients. We also manage the VT Price Value Portfolio, an unconstrained global fund investing in Benjamin Graham-style value stocks and specialist managed funds.

Important Information

Price Value Partners Limited (PVP) acts as investment manager to its professional client VT Price Value Partners ICVC (the Fund). PVP is not in a marketing group with Valu-Trac Investment Management Limited who act as Authorised Corporate Director (ACD) to the Fund. PVP also acts as investment manager to private individuals, classified as both professional and retail clients. PVP makes this information available under its responsibilities as investment manager. PVP has approved the above information in accordance with Section 21 of the Financial Services and Markets Act 2000 and its Treating Customers Fairly policy (a copy of which is available on request). The ACD makes use of an exemption under the Financial Promotions Exemption Order to provide this information to investors (or potential investors) of the Fund. Accordingly, PVP has made this document available for your general information. You are encouraged to consider the risks detailed in the Fund prospectus and any investment management agreement originated by PVP and seek independent financial advice before acting. We have taken all reasonable steps to ensure the above content is correct at the time of publication. Any views expressed or interpretations given are those of the author personally. Please note that PVP is not responsible for the contents or reliability of any websites or blogs and linking to them should not be considered as an endorsement of any kind. If you no longer wish to receive these commentaries, please let us know and we will remove you from our distribution list, which is opt-in exclusively. We have no control over the availability of linked pages. Price Value Partners Ltd. is authorised and regulated by the Financial Conduct Authority, registered number 629623.

Ref I49/2/KC1803.