

SECOND VERSE SAME AS THE FIRST!!!

I spend most of the weekends reading newspapers – Wall Street Journal, UK's Financial Times, New York Sunday Times and so on. I think we can all agree the economic and political news is so "**Deja vu**" these days – Trump, Trade Wars, the failing strength of global economies, interest rates and the looming (maybe) recession. All that seems to change, depending on the key issue of the week, is what topic takes headline precedence.

Politically last week it was, of course, the "Whistle blower" story and economically the surprising big drop in US household spending, a sign maybe that the trade frictions and slowing global growth are finally having an impact in America.

Thus for the week defensive stocks, such as consumer staples and utilities, led the way and I think the month will end overall with small gains or losses for most major indices. Interestingly the bigger gains were seen outside North America.

One thing, however did strike me and that was the underwhelming performance of Peloton Interactive in its IPO (down 4.6%). Add the dismal performance of recent other billion-dollar issuances such as UBER and LYFT and the collapse of WeWorks initial public offering and **maybe a time for a BIG reset of private equity valuations is at hand?**

If this turns out to be true, it will not be good news for many major pension funds. Around a decade ago, after watching years of impressive outperformance of Hedge Funds, they become a "must have exposure" by pension funds large and small. Once they had all loaded up, the reward was years of miserable Hedge Fund underperformance. Now the "**must have du jour**" is Private equity. From Canada Pension Plan and Ontario Teachers on down, virtual all major funds have been increasing their exposure to Private Equity by significant amounts. Readers must appreciate while these investments are valued on the books by best "guesstimates" **The only way the values are truly realized is by a public offering or sale to another entity.**

Should history repeat itself and I fear it will, and the end of ridiculous overvaluations of Private Equity is nigh, then there will be some very unhappy pension fund managers in the next few years.

This week's **Global Insight** focuses on some improvements in global economies and ponders if the worst is over and some stabilization is at hand. These thoughts are in contrast to much of the weekend business print news which thinks the opposite – don't we all love economist ?