

Business wish list



■ FINGERS CROSSED: From left, Jonathan Minoli of Minoli Tiles, Graham Macdonald of Kemp & Kemp, John Neill of Unipart and Craig Simmons of Best Foot Forward

CHRIS KOENIG asks senior figures from Oxfordshire companies what they are expecting after the election

Gilt traders will be up all night after polls close today, and currency traders will get little sleep either. For the first time in history, the London International Financial Futures and Options Exchange (Liffe) will open at 1am tomorrow, so traders can buy or sell Government bonds — depending on whether a hung parliament looks more or less likely as results come in.

The early opening stems from traders' fear of being at a disadvantage compared with traders elsewhere in the world, with falling assets on their hands, were they to turn up at the office at their usual hour tomorrow morning.

Following the election of February 1974, after the only hung Parliament since the Second World War, the stockmarket fell 18 per cent in the immediate short-term.

Shortly after that election, which gave the Conservatives the largest

share of the popular vote but fewer parliamentary seats than Labour, the pound fell for two days then rebounded and rallied almost seven per cent over the coming two months.

Then another election was held in October 1974 which returned Labour with an overall majority.

But this time around, some foreign exchange analysts fear the pound could come under immediate pressure (with some even fearing that the nation's treasured AAA credit rating could be under threat), though others maintain that the pound is already undervalued, having already factored in the possibility of a hung Parliament.

So what would Oxfordshire business leaders like to wake up to tomorrow and in the coming days: a weaker pound and

therefore stronger export possibilities, or a robust stockmarket with strong inflows of capital from money markets abroad, and no jitters about the UK Government's commitment to reducing the deficit that is hanging over us all?

Or a bit of both, with the proviso that the banks have money available for lending — and at a reasonable rate of interest — rather than hoarding it themselves to shore up their own positions.

John Neill, chief executive of Oxford's giant Unipart Group, said: "We will continue to support the government in power — we are democrats."

"What worries me as a business leader is the massive amount of debt we have as a country. We have a budget deficit which means the debt keeps growing and as it grows, so does the interest rate.

"We have to grow the economy and reduce the costs by ensuring business is more competitive and capable of employing more people. If you can't be competitive then you can't reduce the deficit.

"But that does not mean cutting services, it means eliminating waste.

"Also, increasing the rate of National Insurance is not helpful for job creation. If the cost of employing people goes up where are we going to find the savings?"

Graham Macdonald, of Oxford estate agents Kemp and Kemp, said: "I am worried about the Lib Dem proposal to put VAT on new houses. And I am also keen that the nil stamp duty should remain in place for first time buyers up to £250,000 and I would like to see it across the market."

He added: "The trouble is that money is still very tight — even though lenders have quite a margin between the rate at which they borrow and the rate at which they lend. And these days lenders look very hard at individual credit history before doing business with anyone. They certainly don't just go through a form and tick boxes."

He cited an example of a young couple who lived in a house that went with the husband's job. They wanted to buy a house to rent out as a hedge against whatever the future might bring at them, but because they had no credit history they simply could not find a mortgage — despite having a £60,000 deposit and reasonably good jobs.

Mr Macdonald added: "Mortgage companies will usually not take rental income into account any more."

'Any sort of political uncertainty is not good'

Jan Hruska, Sophos

He added that even a falling pound, encouraging more foreigners to buy, would not help as much as might be expected.

He said: "When the pound fell last year we expected that there would be a surge of foreign buyers, perhaps working for the universities, coming forward to take advantage of getting 30 or 40 per cent more house for their money. But it never really happened. I think many of those people rent rather than buy."

He said: "My wishlist would be for an increase in supply of both houses and money; and an even playing field."

Jonathan Minoli, managing director of Cowley-based Minoli Tiles, which imports tiles from Italy, said: "We are not expecting an upturn for a year, though we are experiencing an increase in sales now. But a weaker pound would not be bad for us. Its fingers-crossed time."

The co-founder of IT security firm Sophos, Jan Hruska, said: "I don't think the election will affect us very much although any sort of political uncertainty is not good. But we are an international organisation with 75 per cent of our earnings from overseas."

So, presumably, a weaker pound could help there.

Helen Merrington Rust, of Abingdon stockbrokers Redmayne Bentley, said: "Uncertainty is what markets hate, but I think

some of the fear of a hung parliament has already been factored in. It is the smaller innovative companies at the cutting edge, of which we have many in Oxfordshire, which will be most exposed to fluctuations in the UK economy. The larger FTSE 100 companies react to world events, such as problems in the Eurozone or a falling off of demand in China. Generally, we think that smaller companies providing goods or services to the public sector might be hit, but those providing the private sector will keep going.

"The Government will almost certainly have to issue more debt in the shape of gilts. There could be inflation, but some inflation is not necessarily a bad thing.

"But we are in the realm of crystal ball gazing here, and we shall just have to wait and see what we wake up to on Friday."

Craig Simmons, technical director and co-founder of growing Oxford environmental consultancy Best Foot Forward, said there were lessons to learn about our over-dependence on the global economy.

So would a prolonged economic slowdown be good for the environment?

"Far from it. We need more investment in renewable energy and food security. We should not be affected to the extent we are by economic bumps in the Far East.

"Apart from anything else, the fact remains that it costs £200 for every tonne of carbon emitted, and investing to reduce that makes good business sense."