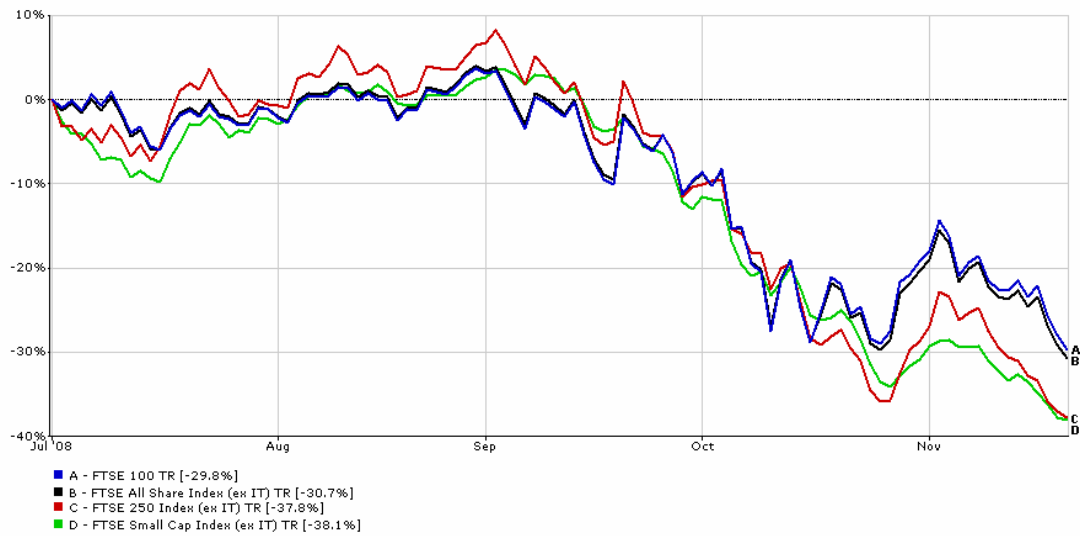


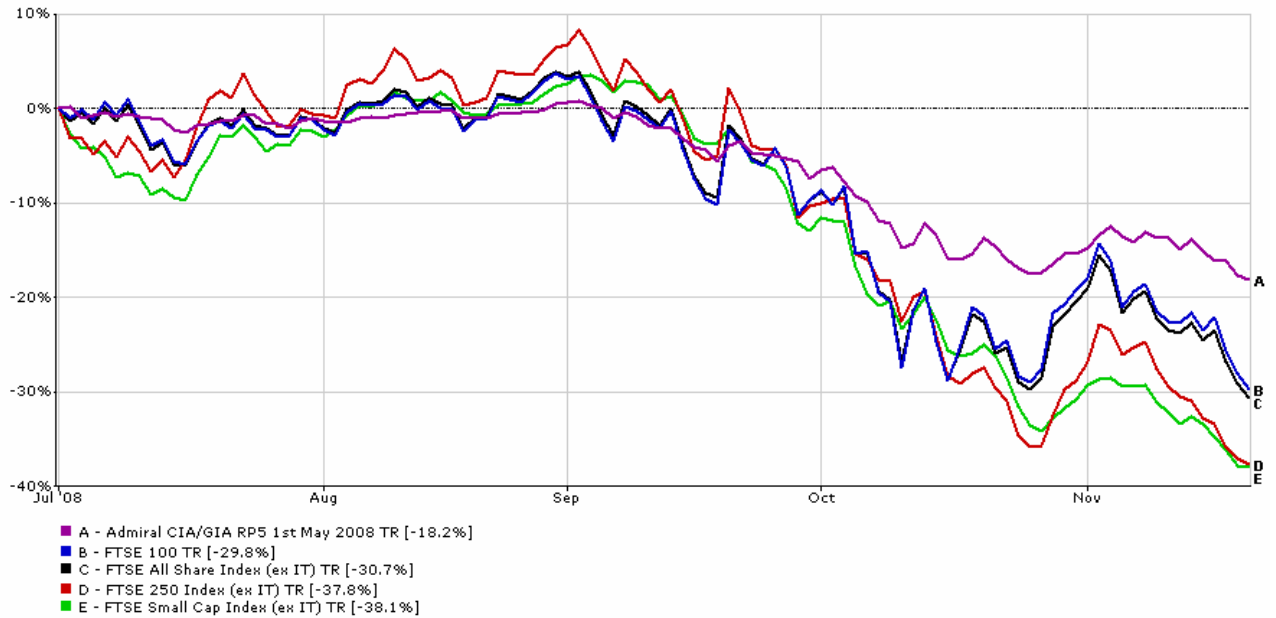
Here we are, 6 months on from your last half yearly valuation and by comparison, this last 6 months have been even worse. From the 1<sup>st</sup> July to the bottom of the November decline indices fell dramatically, removing hefty chunks from equity valuations.



Hopefully, clients are now seeing the benefit of diversification and although no client enjoys seeing losses, outperformance of indices continues to be our aim. It may help if I repeat the comments in the last report :-

“Volatility and market surprises are at the heart of equity investing and these most recent events really serve to highlight that point. It should also remind you of the benefits of diversification and of making sure your portfolio is set up to deal with such events. *Please remember, we offer a complete range of portfolios – those with an equity exposure of as little as 30% rising to 100% equity exposure for those with a higher risk appetite. We can also provide non equity portfolios for those with an aversion to equities.* If you feel you would like to re assess your risk level, then please have a word with us and we shall gladly accommodate any changes you may like to make.

Here is the same graph with our portfolio risk rated 5 for comparison :-



Diversification works because it combines different asset classes such as fixed interest, equities, property and cash in order to smooth out volatility.

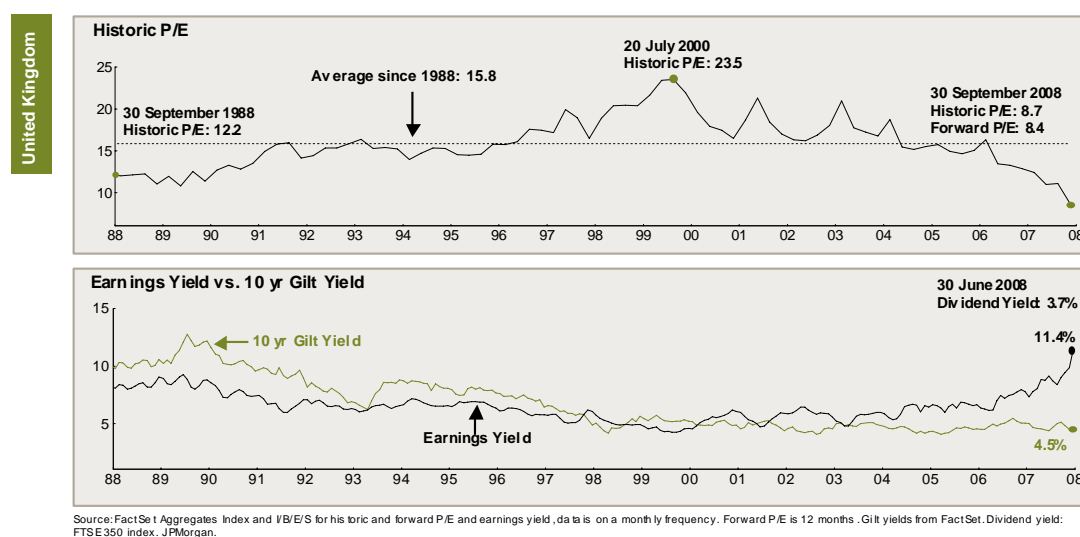
## Is the Equity Market Cheap?

If we look at slide 1, the average market Price Earnings ratio (One measure of the cheapness or expensiveness of a share) from 1988 is 15.8. You can see the rise and fall of the market since then.

### Slide 1



## UK: Equity Valuations



Current P/E ratios are about 8 which makes equity markets appear oversold and of good value now. The bottom graph also supports this with dividend yields rising well above gilt yields – another buying signal.

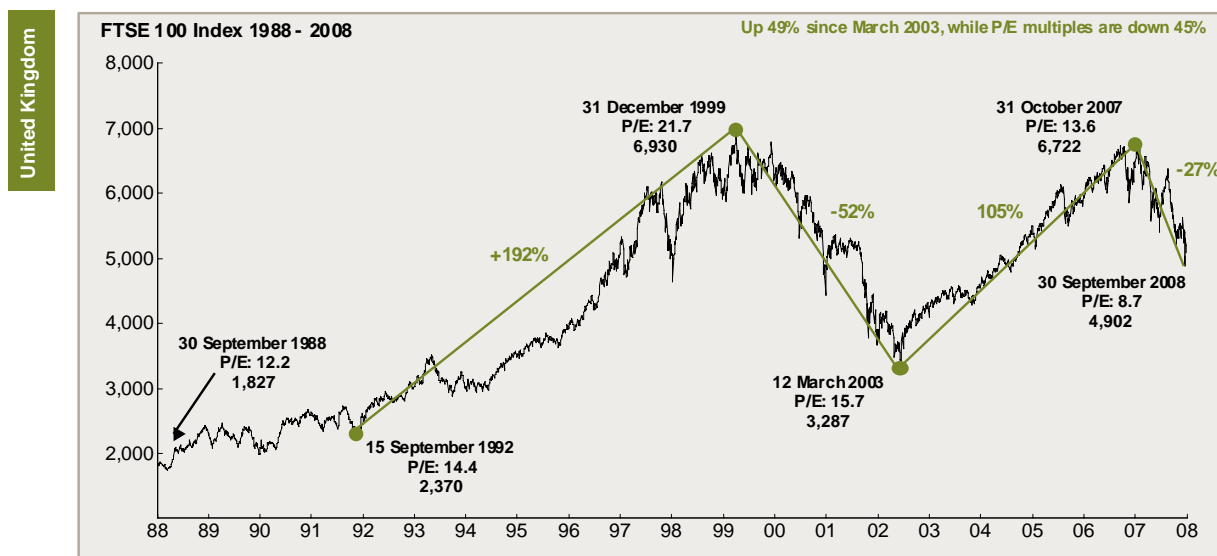
Whilst P/E ratios may be affected by companies announcing profit and dividend reductions, the market is pricing in overly pessimistic reductions. If as I do, believe that interest rates will continue to fall, then a 5% dividend yield (which is readily available now) is very attractive against 2 year treasury bills yielding less than 2%. Inflation falling to zero makes this situation even more attractive and zero inflation is very possible. Corporate bond yields offer “a once in a generation” opportunity and I will give examples later on in this report.

The second slide below just emphasises the same equity story. When markets fell in 2000 – 2003 the PE ratio fell from 21 to the long term average of 15. Markets then rose sharply to 2007 but the PE ratio didn't rise back to 21 as in 1999 but stayed within the long term average at only 13.6. This was because share prices rose less than companies' earnings. I would not be surprised to see the same again when we get to the bottom of this current bear market.

## Slide 2



### UK: FTSE 100 Index at Inflection Points



Source: FactSet, FTSE, JPMorgan.  
Returns are cumulative and based on FTSE 100 price movement only and do not include the reinvestment of dividends. Past performance is not indicative of future returns. Data is from 30/09/88 to 30/09/08 on a daily frequency. FactSet Aggregates for historic P/E.

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**In a normal year**, markets may respond to inflation, interest rate expectations, consumer sentiment or corporate earnings. But this is not a normal year. This year, liquidity has become the force that drives everything else. Worries over hidden toxic debt have left banks mistrustful of other banks. Given that much of the financial system relies on banks being willing to lend to each other, this has created a contraction in available funding and led to huge volatility in markets.

The repercussions have been widespread: individuals have struggled to remortgage or have simply been unable to borrow at all. Banks are rejecting huge numbers of mortgage applications and this has put pressure on the housing market, which has seen double-digit falls on the year.

Companies have experienced similar problems. Those that have had to rearrange debt have seen repayments soar. In some cases, banks have been unwilling to lend at all, meaning companies have gone bust. In turn, revenues have come under pressure as individual and corporate income has weakened.

Stockmarkets are likely to remain weak until they see some sign of confidence returning to the banking system and some evidence of a willingness to lend again. Only when the Libor inter-bank lending rate begins to fall back towards base rates and

money markets begin to function once again will the markets turn their attention back to more discerning economic and stock-specific factors.

**For much of this year**, markets have been driven by short-term sentiment. Whether it has been Hank Paulson's bailout package, interest rate and inflation numbers or political factors, day-to-day news flow has tended to govern the direction of markets. In this climate *good stocks have been marked down with bad and scant attention has been paid to long-term corporate prospects.*

In an attempt to shore up confidence, the Bank of England has now cut interest rates to their lowest level since 1951. Although the inter-bank rate could remain out of sync for a while, lower base rates will go some way towards helping corporate and individual borrowers. Also, although the size of this cut initially spooked investors a little, markets do tend to react positively to interest rate cuts. Of course, interest rates are not the only issue – governments, particularly that of the UK, will face huge debts long after this crisis is resolved and this will be a significant headwind for economic growth.

The market will, eventually, begin to re-recognise value. Many companies are on historically high dividend yields and this may be important in a post-credit crunch climate. Once earnings appear more secure, so will the dividend and investors will start trusting it as a marker of value again. Also, with interest rates lower, income-seekers will need to look elsewhere for yield. Markets are still extremely short-term in their outlook but once the impact of the liquidity measures is clear, long-term factors should make a difference again.

**Until recently the Bank of England had remained firm on UK base rates**, maintaining the biggest risk to the UK economy was inflation, in spite of weakening economic conditions. But in a volte-face that startled the City, UK central bankers slashed rates, first by 0.5%, then 1.5% and then 1%, arguing conditions had deteriorated and aggressive action was now required.

Interest rates are now at their lowest level since 1951. Any further cuts will depend both on the extent to which inflation eases, over which the Bank of England has only partial control, and how effective rate cuts are in stimulating the economy. Basically, if the various policy measures succeed in easing credit conditions, the recession could be relatively shallow. However, if equilibrium does not return to the credit markets shortly, a serious recession could make further interest rate cuts necessary.

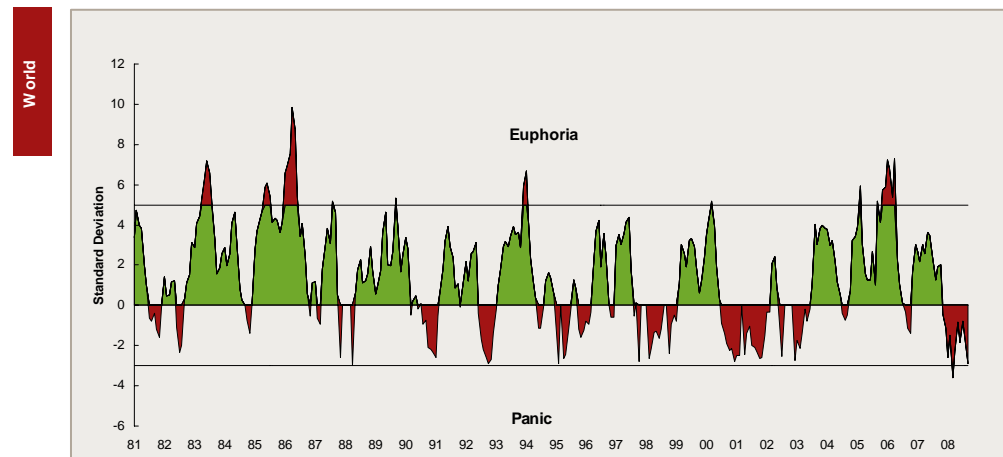
The one remaining issue is whether these cuts will feed through into the wider economy. Banks have proved stubbornly resistant to passing on base rate cuts so far, despite Government pressure, so the situation in the bank lending market has to be resolved before base rate cuts can effectively boost the economy. In reality, any further cuts would also take the UK economy into uncharted waters. Unlike the US Federal Reserve, the Bank of England does not have a remit to encourage growth and the economic situation would therefore have to be dire for it to cut rates further.

**Stockmarkets have been** driven by erratic investor sentiment for much of 2008. Each item of news – from the Paulson plan to interest rate cuts – has brought wild swings in markets as they grow increasingly short-termist in their outlook. Although this

vacillation is typical of this stage in the market cycle, it is unsettling for investors. Can anything be said with any clarity about the immediate outlook?

Sentiment is very weak as evidenced by the following chart. Until confidence and therefore sentiment improves, no matter how cheap the markets get, investor appetite for risk assets will remain low, depressing equity valuations for a period to come.

## Credit Suisse Global Risk Appetite Indicator



Source: Credit Suisse, JP Morgan.  
The Credit Suisse Appetite Indicator compares aggregated risk-adjusted returns across 64 markets (both equity and fixed income). It compares six month excess returns over cash with 12 month volatility for each asset, and plots the resulting score on the Y axis. Data as at 13/09/08.

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Asset Management

It would take a brave investor to call an end to equity market falls in this highly charged atmosphere. However, a few things can be said with some certainty. First, developed markets look cheap in price-to-earnings terms, relative to history. Many areas of the market have suffered from short-selling and technical factors, as opposed to declining fundamentals, and fund managers are starting to talk tentatively of 'bargains' – particularly among higher-quality stocks. Undoubtedly more companies will run into trouble and news flow will remain weak, but investors might even start to see a recovery towards the end of this year – certainly ahead of economic recovery.

The theory goes that markets don't hit their nadir until there has been capitulation from investors yet there has been increasing evidence of such a capitulation in recent weeks. For their part, emerging markets are not as exposed to the credit crunch, have large current account surpluses on which to draw and, most importantly, are in many cases still seeing GDP growth. Recent setbacks may have helped eradicate some overvaluation but whether they are cheap is hotly debated.

Any sort of long-term recovery in equities looks a long way off but stockmarkets look forward and are therefore likely move before economic growth has resumed. That said, theories on the type of stocks that will lead the recovery are varied.

Regionally, the US has historically been the first to recover but the problems it faces at the moment are unprecedented. It is likely to emerge with a huge budget deficit that will act as a headwind to economic growth for some time. Similarly, our own debt

burden is likely to hold back recovery in the UK.

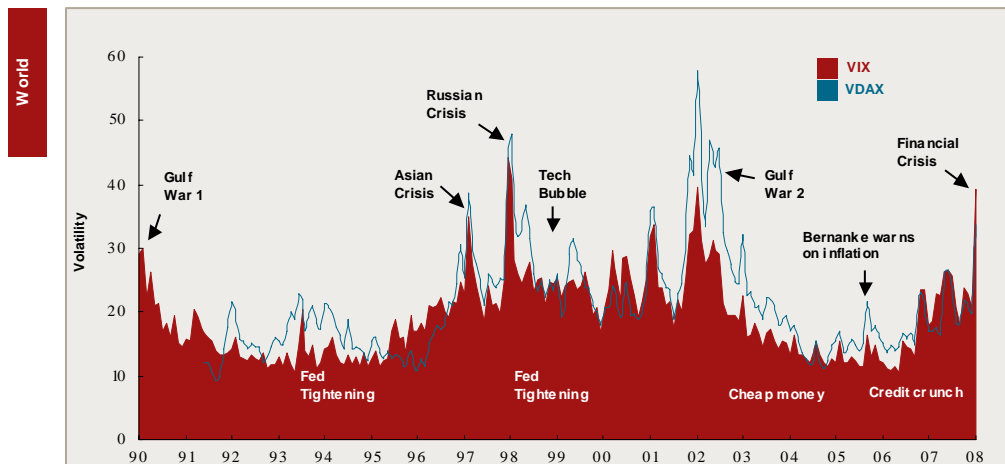
Instead, countries with lower debt levels, at both an individual, corporate and government level, such as the emerging markets, Japan and the bigger economies in Europe are likely to do better as the environment improves.

**After the various bailouts, guarantees and widespread government interventions,** experts remain divided as to the ultimate fallout from the crisis. The Armageddon scenario suggests the assorted packages, interest rate cuts and other measures fail to shore up confidence in the banking system and liquidity dries up completely.

This is indeed a possibility. However, inflation is coming down, so they say – giving central banks the scope to cut interest rates. This may not solve the problem, but it should at least help ease the lending crisis to some extent. A more moderate scenario suggests a gradual deleveraging in the economy. Here, the measures succeed in restoring confidence and credit becomes widely available again. In this scenario, there is a slowdown in the wider economy, but it is relatively modest. The economy contracts for a period, but job losses are not severe.

The most optimistic scenario – still championed by some economists – suggests that, once liquidity is restored in the banking system and lending normalises, many of the wider problems, such as the downturn in the housing market, the squeeze on personal balance sheets and corporate weakness, will be resolved. What is sure is that investors and economists will keep monitoring the overnight bank lending rate. If this continues downwards, we may move towards a more positive scenario. Otherwise, we may need to baton down the hatches and prepare for a bumpy ride. A measure of volatility is provided below. At the moment, as many of you are aware, volatility is extreme and frequent. This will not last but whilst it does, risk averse investors will stay to the sidelines.

## VIX and VDAX Volatility chart



Source: Bloomberg, Chicago Board Options Exchange, Deutsche Boerse VIX Volatility Index JPMorgan. VIX is the ticker symbol for the Chicago Board Options Exchange Volatility Index, a popular measure of the implied volatility of S&P 500 index options. Referred to by some as the fear index, it represents one measure of the market's expectation of volatility over the next 30 day period. VDAX is the ticker for the Deutsche Boerse VIX Volatility Index. It also measures in percentage points the volatility to be expected in the next 30 days for the DAX. Data is from 30/09/90 to 30/09/08 on a monthly frequency.

The Chicago Board of Trade volatility index highlights this volatility. On the 11<sup>th</sup> December 2008 it was 54.95 but you can see the 52 week range. The range is 15.82 – 89.53. Most commentators look for volatility to be below 20 – 25 before buying the markets. Over the past couple of months, the index has reached an all time high of 89 which is extreme and goes a long way to explaining the rationale behind many investors panicking and selling – the very worst thing to do. We are currently seeing a reduction in volatility but we need to see even more to start feeling comfortable.

## CBOE VOLATILITY INDEX

(CHICAGO OPTIONS: ^VIX)

Index Value:	<b>54.95</b>
Trade Time:	<b>11:00AM ET</b>
Change:	<b>↓0.78 (1.40%)</b>
Prev Close:	<b>55.73</b>
Open:	<b>55.08</b>
Day's Range:	<b>53.75 - 56.03</b>
52wk Range:	<b>15.82 - 89.53</b>

**Sterling** has hit the headlines in recent weeks. Escalating concerns over the possible length and severity of a UK recession have driven down the pound by more than one-quarter of its value against the US dollar. Only one year ago, one British pound would buy two US dollars, but recently sterling has fallen below US\$1.50 for the first time since 2002 amid fears that the UK will be particularly hard-hit by recession. George

Osborne, the Shadow Chancellor of the Exchequer, has stirred up some controversy about the pound, warning that, “We are in danger, if the government is not careful, of having a proper sterling collapse, a run on the pound” if the government does not curb its borrowing to finance public spending. A “run” on a currency takes place when a large number of investors hurry to sell that currency after losing confidence in its prospects. This leads to a sharp and prolonged drop in the currency’s value.

Looking ahead, sterling is likely to recover once economic growth shows signs of picking up; for now, however, falling interest rates have further reduced sterling’s attractions for investors. Lower interest rates mean a lower yield – and UK interest rates are widely expected to continue to drop, adding to the pound’s woes. Nevertheless, forward-thinking investors might view the Bank of England’s recent loosening of monetary policy as a boost for economic growth that will ultimately provide support for the value of the pound in the long term.

**Following November’s** unexpectedly large interest-rate cut, the Bank of England (BoE) slashed UK rates again in early December by one percentage point, bringing interest rates down to 2% – their lowest level since 1951.

The economic environment in the UK has continued to deteriorate, and the country is sliding further into recession. Consumers are reluctant to spend, unemployment is on the rise and the housing market has continued to slump. Inflation remains a major problem: the BoE appears seriously worried that inflation will undershoot the Monetary Policy Committee’s (MPC’s) target of 2%, and could fall into negative territory. In its December statement, the MPC cited the “substantial risk of undershooting the 2% inflation target in the medium term” as a factor in its decision to instigate this rate cut\*\*.

Faced with the challenge of propping up the stalling economy, BoE governor Mervyn King warned that the MPC intends to take “whatever action we feel necessary on interest rates to steer the economy back into calmer waters.” Lower rates will help to ease the pain for borrowers, but cannot on their own solve the wider economic downturn faced by the UK and the rest of the world. Mr King believes that persuading lenders to resume lending activity is an important challenge, although he remains concerned that, “conditions in money and credit markets remain extremely difficult.” Former MPC member Willem Buiter has called for interest rates to be cut to 0% and, looking ahead, further cuts are widely expected in early 2009.

The LIBOR rate (London Inter Bank Offer rate) is an interest rate that traditionally, banks use to lend money to each other. Recognising the difficulties ahead, banks have been hoarding cash and not lending to each other, fearful that one or more of its peers will fail – not surprising given the collapse of Northern Rock Plc, HBos and RBS etc. The measures taken by central banks albeit a little late is beginning to work. The chart below shows how LIBOR has fallen every day since October, from over 6% to 3.24% as of 10<sup>th</sup> December 2008.

Interest rates

3m GBP LIBOR %



Last Price Update : 10 Dec 2008

Price : 3.24813

Source : Fixed Income Investor

Whilst it will take time, banks must start the lending process again at which time the economy will start to recover.

**2008 has been a year in which** almost every asset class has fallen. Corporate bonds have suffered for longer than expected and spreads over government bonds have widened significantly. However, with commodity prices dropping, many believe inflation is peaking, leaving central banks scope to cut interest rates. This is good for corporate bonds and the aggressive cuts we have seen should give the sector a boost.

### **Great Value now in Corporate Bonds**

Like equity markets, debt markets have been viciously sold off. We now have a situation where the market is expecting almost a 50% default rate in investment grade bonds. The worst default rate since 1970 has been 5.8% and the average is only 1.8% (Source : Invesco Perpetual). What this means is that well known brands and names like Marks & Spencer have seen their bond price collapse. At one point in November the yield on this bond to its maturity in 2014 reached a staggering 11% per annum (Source: Fixed Income Investor). Even today, you can buy this bond with a yield to redemption of

8.73%. Given the yield on cash and treasuries, this is compelling value – a return of 8.73% each year until maturity in 2014! There are other similar bonds - GEC 6.25% 2017 bond is paying 7.01% p.a. to maturity and BT 8% p.a. 2016 bond paying 7.82% p.a. to maturity. I don't doubt that any of these companies can go under but is that likely? M&G and Invesco Perpetual are currently our favoured fixed income (corporate bond funds) choices and both institutions believe this is a once in a generation opportunity to buy investment grade bonds at such a discount. They both believe that corporate bonds will beat cash over the next twelve months and are a preferred asset class. If inflation reduces to zero then a 7% or 8% per annum yield over the next 6 or 7 years has to be very attractive – they would be real yields. What other asset class gives real returns over inflation of this magnitude?

Commercial property has been in the doldrums for some time. The underlying market still looks weak, but UK REITs have performed better recently, a function both of interest rate expectations and how far commercial property shares fell in the first place. Again, falling interest rates are good for the sector as it makes the yield available on property more valuable.

## Property in Perspective

Other Asset Classes	The Economist's House-Price Indicators		
	% Change	Latest	Q2 2007
		On a year earlier	
Hong Kong	23.9	7.6	-23
Singapore	20.1	21.0	n/a
Australia	8.2	10.1	173
Belgium	7.5	9.5	147
China	7.0	6.3	n/a
Sweden	4.9	9.9	149
Italy	4.3	5.6	107
France	4.2	6.8	149
South Africa	3.2	15.5	398
Canada	3.1	7.9	70
Switzerland	2.7	1.4	21
Netherlands	2.3	4.5	105
Spain	2.0	5.8	194
Japan	-0.7	-0.7	-32
Germany	-1.7	-0.8	n/a
Denmark	-1.9	4.9	123
New Zealand	-4.5	13.7	117
Ireland	-9.4	2.9	210
Britain	-10.5	10.5	179
United States	-15.4	-3.4	86

All returns are in local currency. Latest = most recently reported.  
 Source: ABSA, ESR, Hypoport, Japan Real Estate Institute, Nationwide, Nomisma, NVM, OFHEO, Quotable Value, Stadim, Swiss National Bank, S&P, Government Offices, EIU, for United States the Case-Shiller national index, JPMorgan.

	Properties, Equities and Bonds (GBP)				
	IPD All Property Index UK	Euro zone	FTSE 100	Global Property (Securities)	JPM GBI UK Bonds
2007	-3.4%	19.8%	7.4%	-35.8%	5.1%
2006	18.1%	8.0%	14.4%	42.6%	0.2%
2005	19.1%	3.8%	20.8%	18.1%	8.1%
2004	18.3%	5.8%	11.2%	36.3%	6.6%
2003	10.9%	14.2%	17.9%	26.0%	2.0%
2002	9.6%	12.9%	-22.2%	-8.2%	9.1%

Source: IPD, MSCI, JPMorgan Global Bond Index, JPMorgan.  
 Index returns are total returns. Global Property Securities is represented by the GPR 250 Property Index. Past performance is no indication of future returns.

## Commodities

Most commentators see a weaker period for commodities. Chinese growth has cooled, which will remove much of the marginal demand for commodities. Infrastructure building – a driver for commodities across emerging markets – is likely to be less of a

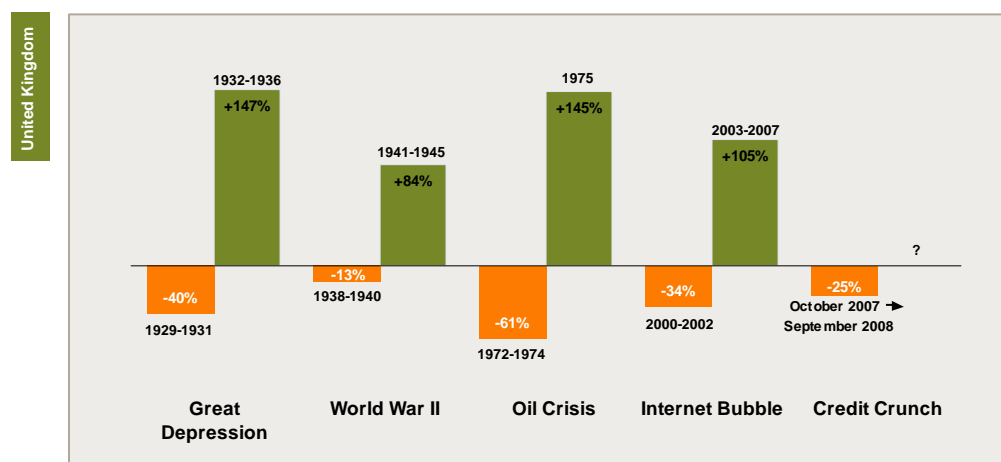
priority for governments, who may now use their hefty surpluses to protect their citizens from the worst effects of the global economic downturn.

## History

**If we look back at previous slumps – back to the Great depression, we can see that the message is clear – stay with it and valuations will return.**



### UK: Market Returns After Consecutive Down Years



Source: ABN AMRO/OLBS and "The Triumph of the Optimists", Princeton University Press 2002. FactSet FTSE All Share index from 2000 onwards. JPMorgan. Returns in sterling, dividends reinvested for complete calendar years, except where stated otherwise. Past performance is not indicative of future returns.

## Summary

Banks need to start lending to each other and to businesses and consumers.

Credit spreads need to come down and they will when the banks start to lend.

Equity markets can then start to behave rationally again but until then, expect continued volatility for the next 6 months.

**Value is there in the markets now but investors will not return until confidence returns. Until then poor sentiment will keep equity valuations depressed.**

As an added reminder, you can visit our website and see the various portfolios available at any time. Just go to [www.admiral-online.co.uk](http://www.admiral-online.co.uk) then "Existing Client Services" then "Risk Profile Asset Allocations".

You will also see, just above this, the link to our Risk Profiler Questionnaire (The Admiral Risk Profiler), just in case you wish to have your attitude to risk reassessed

by us. Simply press on the link, answer the questions and press submit. We will analyse your answers again and contact you to discuss the results.

**Finally, I have enclosed an appendix which gives a useful insight into previous recessions.**

A further report will be sent with your next valuation due out in July 2008. It may well be December 2009 or beyond before we see any improvement in values but we will see them. Please just make sure the Risk profile you have suits you. If you are at all unsure of this, then please have a word with us and we shall guide you through what if anything needs to be done.

Kind regards

Yours sincerely

PETER H WALLER  
INVESTMENT DIRECTOR

## Appendix 1



RECESSIONS OF THE TWENTIETH CENTURY  
SENTIMENT CAN GO UP AS WELL AS DOWN

### STARING INTO THE ABYSS

Discussion about recession is rarely out of the news these days. Following a period of almost unprecedented growth – from 1992 right through to this year – the business and personal finance pages are covered with nothing but bad news and negative predications. Analysts differ on how long and severe this downturn might be but they all agree on one thing – the UK is headed for recession.

#### WHAT IS A 'RECESSION'?

A recession is generally recognised as two consecutive quarters of negative growth in the Gross Domestic Product (GDP) of a country. If negative growth continues for much longer than this, or the GDP figures show very significant falls, this becomes a harsh recession - which will more than likely be redefined as a depression.

### THE UK ECONOMY FACES A TOUGH TIME

What does appear to be true is that economic growth in the UK has stagnated. After showing zero growth in the second quarter of the year, the economy fell 0.5% in the third quarter. Despite a recent surge in inflation to over 5%, Mervyn King has cautioned that this slowdown could push it back down significantly, perhaps even below the BoE's rolling target of 2%.

In the meantime, however, the inflation surge means businesses face the unenviable choice of either passing on high prices to consumers, and losing business, or absorbing them, and

losing profit. Many firms are therefore cutting costs by reducing their workforces and unemployment figures are already on the rise.

Finally, on top of all this, we have the fallout from the global credit crisis. This contraction in the availability of credit, combined with high levels of existing consumer debt, is already having an adverse effect on domestic demand. Consequently, many now expect that end of year GDP figures will simply confirm what we already fear – that the UK is in recession.

## **"THIS TOO SHALL PASS"**

Recession, however, is nothing new. The UK has experienced four major recessions during the last 80 years. All have had a negative impact on individual's wealth and the profits made by companies and were generally the result of existing vulnerabilities in the economy being hit by a catalyst. The combination of events brought economic activity to a sudden standstill as the full impact was absorbed.

However, just as there was a catalyst for the slump, there was also, eventually, a catalyst for recovery – something which started to turn sentiment and allowed companies and individuals to start to build their wealth again.

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## **PAST RECESSIONS IN THE UK**

### **1929-1932**

The recession of 1929-1932 was perhaps the most severe economic downturn in living memory, and has gone down in history as "the Great Depression".

After the First World War ended, the UK returned to the Gold Standard, ie: the value of the pound was fixed against the dollar and backed by British gold reserves. However, the value at which it was fixed made UK exports relatively expensive and demand was therefore low. This problem was then compounded by fallout from the Wall Street Crash of 1929, which led to a slump in demand for British products, a run on Britain's gold reserves (as investors sold their pounds) and finally to industrial stagnation and mass unemployment.

Eventually, in 1931, the UK withdrew from the gold standard, allowing the pound to devalue, and interest rates were cut. This led to a decrease in the cost of exports and a consequent increase in demand, providing the backdrop for a gradual uplift in economic growth and employment.

### **1973-75**

Following the end of the Great Depression, World War II was succeeded by a period of overall growth that lasted until the 1970s. The early 1970s saw a speculative boom across every asset class that drove share prices higher; however, major stock markets around the world subsequently crashed following a series of external shocks that included the devaluation of the US dollar and the 1973 oil crisis.

Oil prices rose sharply as OPEC cut production and increased prices against a backdrop of war and geopolitical unrest, leading to a sharp rise in inflation. Consumer demand fell as

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prices soared, unemployment rocketed and economic growth ground to a halt. The UK government sought to dampen inflationary pressures by intervening in pay deals for workers, a move that ultimately led to the infamous “winter of discontent”.

### **1979-82**

When the Conservatives took over government of the UK, in 1979, inflation was running at over 20%, and the British public had just experienced the “winter of discontent”. The incoming government worked to reduce inflation by raising interest rates and tightening fiscal policy. As a result, the value of sterling increased, exporters and the manufacturing sector struggled and unemployment rose, leading to a recession.

In response, the Conservatives introduced what is now known as the Thatcherite approach – they reduced state intervention, encouraged entrepreneurialism and privatised a number of government owned companies. This subsequently helped to boost growth in the economy and the stock market.

### **1989-93**

Following these changes of the early 80s, the following period was characterised by a period of extreme optimism, but UK inflation was once again spiralling out of control. The UK joined the European Exchange Rate Mechanism (ERM) with the aim of shoring up the value of sterling, but this move prevented the British government from setting interest rates at levels appropriate for the UK economy.

High interest rates led many British businesses to collapse, unemployment to rise and the housing market to crash, and ultimately contributed to a period of recession in the UK. It was only when the government was forced to pull the pound out of the ERM in September 1992, that they could once again reduce interest rates, allowing the UK economy to begin its recovery.

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## **IN SUMMARY**

When looking back at past recessions, it is important to remember that, each time, the UK later returned to economic prosperity – and stock markets have usually emerged in reasonably good shape, as far-sighted investors take advantage of inexpensive share prices.

Meanwhile, companies often take the opportunity to cut costs which, whilst it may not be good news for workers in the short term, shores up their balance sheets and allows them to emerge from the fray leaner and meaner, potentially improving their prospects long term.

Even a weak pound, another common characteristic of recessionary periods, is not necessary all bad news. This can prove positive for exporters and UK-based companies that generate profits overseas as their services become cheaper on the world stage.

Ultimately, it is important to remember that, whilst recession is a difficult experience to have to go through, like so many other unpleasant experiences, "This too shall pass".