



**FOR IMMEDIATE RELEASE**

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## **Evercore Pan-Asset Capital Management urges investors to 'take profits' on oil**

While oil is widely expected to go up in value over the longer term, Pan-Asset Capital Management, which recently announced an asset management partnership with Evercore Partners, cautions that this trend may soon be disturbed.

In an alert sent to investors yesterday it said now was the right time to sell and take profits on oil.

A colossal surge in the value of oil, metals and agricultural products has taken place over the past year. An increase in underlying demand resulting from the fast growth in India and China has been partly responsible, as has the build up of substantial investment positions based on the Asian story encouraged by the upward momentum of the main indices. Today it is common to read that oil and food prices have much further to rise; as the commentators rightly say India, China and other emerging markets are likely to continue to grow quickly in the years ahead.

John Redwood, Chairman of Evercore Pan-Asset Capital Management, comments: "While the long term case is apparent, commodities rarely go up continuously in a straight line, and there are now some really good profits on oil. In the short term there are reasons to worry about the downside for energy prices.

"The growth rates of both India and China will be slowed by government action, as both countries seek to restrain their inflation with higher interest rates and attempts to restrain credit. In the West we have more months ahead of slowing or falling activity which will have its own impact on demand for metals and energy. Commodities traditionally rise at the end of a cycle, and the last business cycle is well and truly at an end now."

If commodity prices do start to fall it will speed the eventual economic recovery. Today the main central banks outside the USA are keeping interest rates higher than credit conditions demand, owing to the impact of commodity and energy prices on domestic inflation rates. If this pressure abated it would allow them to move to lower rates and start to concentrate on fighting recession.

John Redwood concludes: "If speculators drive the price of commodities much higher it will further intensify the squeeze, delay recovery, and make the eventual correction in commodity prices that much greater. We cannot promise you this is the short term top, but you don't go bust taking a profit, and you do sleep easier at night if you have cash in a downturn."

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## **Notes to editors**

### **Evercore Pan-Asset Capital Management**

Pan-Asset Capital Management was launched in early 2008, and recently announced a partnership with Evercore Partners. The company was set-up by three experienced investors: John Redwood (Conservative MP and former Director of Robert Fleming and NM Rothschild), Robert Brown (former Chief Executive of Sarasin Chiswell) and Christopher Aldous (former Chief Executive of Absolute Fund Management). Evercore Pan-Asset is unusual amongst asset managers in the UK in placing ETFs at the heart of its investment process.