

## September Market Commentary Compliance Notes

### Intro

Sell in May and go away

<http://www.bbc.co.uk/news/business-33772947>

Global economic growth will slow this year to the lowest rate since the financial crisis, according to the National Institute of Economic and Social Research (NIESR).

The think-tank cut its 2015 forecast to 3.0% from the 3.2% it predicted in May.

It has cut growth forecasts for the US and many emerging market economies, although its forecast for the eurozone has only been cut slightly.

Its growth forecast for the UK economy was unchanged at 2.5%.  
Greece is 'key risk' to global growth

20/8 Rate rise worry – and fears over the global economy – spark global stock markets falls. Down 1.5% in China and authorities intervene

<http://www.bbc.co.uk/news/business-34003197>

25/8 China continues to fall but Europe recovering – big fall in Apple as well but sales of iPhones in China still strong <http://www.bbc.co.uk/news/business-34048785>

27/8 And then China rebounds 5% on US recovery

<http://www.bbc.co.uk/news/business-34070453> and the FTSE is also 'strongly ahead' <http://www.bbc.co.uk/news/business-34071559>

Journalists need stories and people need to gamble

### UK

3/8 UK manufacturing growth picked up in July after record 26 month low in June – but according to PMI is still 'near stagnant.' <http://www.bbc.co.uk/news/business-33758263>

4/8 UK Govmt sells £2.1bn of RBS shares <http://www.bbc.co.uk/news/business-33769906>

UK house prices sharply up in July – 0.4% taking year on year rise to 3.5% with average house now at £195,621 <http://www.bbc.co.uk/news/business-33770060>

6/8 UK markets on alert for 'Super Thursday' – Carney says move will "enhance Banks transparency" as interest rate decision and minutes of MPC released together – normally a fortnightly gap. <http://www.bbc.co.uk/news/business-33796729>

Industrial output falls in June <http://www.bbc.co.uk/news/business-33803320>

Halifax says house price growth slowed in July – down to 7.9% from 9.6% in June  
<http://www.bbc.co.uk/news/business-33800016>

10/8 report by accountants BDO says Scottish economy “thriving”  
<http://www.bbc.co.uk/news/uk-scotland-scotland-business-33840556> with political certainty boosting confidence. A “summer of success” with pretty much every indicator moving in the right direction: what the Chancellor might describe as a ‘Northern Powerhouse’ if Nicola Sturgeon would let him...

13/8 UK unemployment up 25,000 in April to June period  
<http://www.bbc.co.uk/news/business-33881387> now 1.85m but still 354,000 more in work than a year ago. 12% increase in EU nationals coming to work in UK

One in six UK jobs now held by foreigners  
<http://www.telegraph.co.uk/news/uknews/immigration/11799726/Three-EU-migrants-find-jobs-for-every-one-Briton.html>

19/8 UK inflation up to 0.1% <http://www.bbc.co.uk/news/business-33971890>

Outgoing member of MPC Prof David Miles tells BBC that “rates will rise soon”  
<http://www.bbc.co.uk/news/business-33983053> New normal to be between 2.5% and 3%

House price inflation up slightly to 5.7% in June  
<http://www.bbc.co.uk/news/business-33973005> ONS said that prices went up in all areas apart from Scotland

20/8 FTSE at 7 year low <http://www.bbc.co.uk/news/business-34000349>

21/8 CML says mortgage lending at highest level since 2008  
<http://www.bbc.co.uk/news/business-34002981>

22/8 FTSE down 363 points – or 5.2% - in a week as manufacturing figures from China impact – global economic fears <http://www.bbc.co.uk/news/business-34015798> “Chinese winter cooling world economy”

Govmt made a surplus in July thanks to high tax receipts  
<http://www.bbc.co.uk/news/business-34014803>

23/8 North Sea oil revenues down 75% in Q1 2015 say Scottish Tories  
<http://www.bbc.co.uk/news/uk-scotland-scotland-business-34029862>

24/8 CBI predicts “decent growth ahead” raising forecasts  
<http://www.bbc.co.uk/news/business-34036089>

The UK is to enjoy “decent quarterly GDP growth” the CBI has predicted as it upgrades its forecasts for this year and next.

The business lobby group now expects growth of 2.6% this year and 2.8% next year, up from its June forecast of 2.4% and 2.5% respectively.

27/8

UK house price growth lower in August – 3.2% year on year according to Nationwide  
<http://www.bbc.co.uk/news/business-34071341>

## Europe

3/8 Greek stock market re-opens, market plunges – big four banks down 30% the maximum allowed <http://www.bbc.co.uk/news/business-33754005>

4/8 German car makers buy Nokia's digital mapping for €2.8bn  
<http://www.bbc.co.uk/news/business-33756603> ultimately leading to driverless cars

11/8 Greece appears to have reached a deal for €86bn over three years – needs to have an agreement in place to repay €3bn due to ECB on August 20<sup>th</sup>  
<http://www.bbc.co.uk/news/business-33858660>

Greek shares up 2.1% on the deal

Did the German government benefit from Greek crisis?  
<http://www.bbc.co.uk/news/world-europe-33845836>

13/8 Varoufakis - deal is not going to work <http://www.bbc.co.uk/news/business-33880217>

18/8 Bundesbank predicts 'solid' German growth in second half of the year  
<http://www.bbc.co.uk/news/business-33959847>

Economic growth in Germany is set to be "solid" in the second half of the year, the country's central bank has said.

The Bundesbank said growth in the country would be boosted by both external and domestic demand.

Last week, Germany, Europe's largest economy, reported that its economy grew 0.4% in the three months to June.

However, the Bundesbank noted that the China's slowdown could add to uncertainty over growth prospects for the global economy.

21/8 just when you thought you'd finished writing about Greece. Tsipras quits and goes to polls, saying he has a 'moral duty' now a third bailout has been secured. Early reports suggest the poll will be on September 20<sup>th</sup>  
<http://www.bbc.co.uk/news/world-europe-34007859>

conditions of the third bailout <http://www.bbc.co.uk/news/world-europe-33905686>

## **US**

5/8 Disney raises revenues by 5% but undershoots expectations for first time in 2 years <http://www.bbc.co.uk/news/business-33781820>

6/8 Fitbit revenues triple – 4.5m devices sold in Q2  
<http://www.bbc.co.uk/news/business-33798724>

10/8 US economy adds 215,000 jobs in July – unemployment steady at a 7 year low of 5.3% <http://www.bbc.co.uk/news/business-33823904>

11/8 Google restructures and creates Alphabet  
<http://www.bbc.co.uk/news/business-33857412>

27/8 Case for September rate rise in US 'less compelling' according to Federal Reserve official William Dudley. <http://www.bbc.co.uk/news/business-34067962>

28/8 Facebook over 1bn users in a single day 1 in 7 on Earth  
<http://www.bbc.co.uk/news/world-us-canada-34082393>

US growth revision boosts the markets <http://www.bbc.co.uk/news/business-34074377>

Shares rise and oil prices jumped 9% after revised figures showed the US economy grew by far more than had been thought between April and June.

The economy grew by an annualised rate of 3.7%, up from the first estimate of 2.3%. Growth of 0.6% in the first three months of the year was not revised.

The update reflected greater corporate investment than previously estimated.

The growth in the economy overall was due to strong consumer and government spending, and higher exports.

## **Far East**

10/8 Chinese inflation picked up to 1.6% in July but still well short of Govmt target of 3% <http://www.bbc.co.uk/news/business-33840699>

11/8 China devalues yuan to three year low against the dollar  
<http://www.bbc.co.uk/news/business-33858433> a "one-off" depreciation of 1.9% to make it more market-oriented

12/8 Yuan down again the following day in a move designed to boost exports, which were down 8% in July adding to fears that China is heading for a slowdown. Now biggest lowering of yuan against dollar for two decades  
<http://www.bbc.co.uk/news/business-33875061>

China's move, which the central bank described as a "one-off depreciation" based on a new way of managing the exchange rate that better reflected market forces, triggered the yuan's biggest fall since 1994

Stocks fall on second devaluation – all Far Eastern stocks

<http://www.bbc.co.uk/news/business-33875061> and also in Europe on fears of slowdown

13/8 And for a third day... <http://www.bbc.co.uk/news/world-asia-china-33900274>

Massive explosion in Northern city of Tianjin <http://www.bbc.co.uk/news/world-asia-china-33896292>

Fears of currency war <http://www.reuters.com/article/2015/08/11/us-markets-global-idUSKCN0QG00F20150811> "What is good for growth in China is unfortunately bad for everyone else." Companies that sell to China badly hit

Japan aims to offset this with more QE but India will weaken the rupee

21/8 Chinese factory activity drops to lowest level for 6 years

<http://www.bbc.co.uk/news/business-34013510>

24/8 Chinese shares continue dramatic slide – down 8% on day to 3,211

<http://www.bbc.co.uk/news/business-34037122>

Tensions between N and S Korea with NK troops on war alert and S Korean president Park Guen-hye demanding an apology for land mines which injured two SK soldiers

26/8 Chinese shares continue to fall <http://www.bbc.co.uk/news/business-34059482>

Market now down 16% this week, despite central bank cutting interest rate by 0.25% to 4.6%

Despite this WPP boss Martin Sorrell is 'raging bull' on China growth

<http://www.bbc.co.uk/news/business-34059971>

28/8 China should drop unrealistic growth targets

<http://www.bbc.co.uk/news/business-34073699>

## **Emerging Markets**

4/8 Puerto Rico defaults on bond payments – didn't have the funds to meet a \$50m bond repayment <http://www.bbc.co.uk/news/world-us-canada-33769391>

10/8 Brazil inflation at 12 year high of 9.56% compared to target of 4.5% - pushed up by rising electricity prices <http://www.bbc.co.uk/news/business-33826934>

IMF expects Brazil's economy to shrink by 1.5% this year

India's Snapdeal (Amazon) raises \$500m inc from Alibaba (Amazon)

<http://www.bbc.co.uk/news/business-33984134>

Brazil's unemployment up to 7.5% in June – higher than 7.05% forecast and worst for five years

**And finally**

Russia steamrollers fruit and bulldozes cheese <http://www.bbc.co.uk/news/business-33814362> and <http://www.mirror.co.uk/news/world-news/russia-bulldozes-cheese-mountain-following-6209671>

Australians eat too much chocolate <http://www.bbc.co.uk/news/world-australia-33843857>