

October Market Commentary Compliance Notes

30/9 Global markets set for worst quarter since 2011

<http://www.cnn.com/2015/09/30/global-stock-markets-set-for-worst-quarter-in-four-years.html>

Refugee crisis

Corbyn elected with 59.5% of vote – appoints left winger John McDonnell as shadow chancellor

Insert for quarterly bulletin – living wage debate

<http://www.bbc.co.uk/news/business-34208579>

4/9 China turmoil poses threat to world growth. IMF report says China has had bigger than expected impact as prices of commodities such as oil and copper slide

<http://www.bbc.co.uk/news/business-34136747>

12/9 Wolfgang Schauble, German finance minister, says global economy faces a “financial bubble.” <http://www.bbc.co.uk/news/business-34223544>

The global economy faces a financial bubble from central banks pumping cash into economies, Germany's finance minister has warned.

"We should take on board the lessons of the last crisis," said Wolfgang Schaeuble in his Budget speech.

He added that economic reforms should not be neglected in favour of action from central banks.

The comments come after the European Central Bank (ECB) said it would extend its stimulus programme if needed.

17/9 World's biggest beer merger <http://www.bbc.co.uk/news/business-34268632>

UK

1/9 Still likely to raise rates at the end of the year despite the slowdown in China

<http://www.bbc.co.uk/news/business-34099550>

3/9 Nissan to invest £100m in Sunderland to build new Juke model

<http://www.bbc.co.uk/news/business-34136541> will “safeguard thousands of jobs”

4/9 Service sector growth slowed to lowest for two years in August, down to 55.6 from 57.4 in July <http://www.bbc.co.uk/news/business-34138330>

7/9 Tesco sells Homeplus S Korean stores for £4.2bn as it seeks to shore up balance sheet <http://www.bbc.co.uk/news/business-34171937> Money will be used to pay down debt and “revitalise” the UK business

10/9 Next says living wage will increase prices by 6%
<http://www.bbc.co.uk/news/business-34201617>

House price inflation to hit 6% in 2015 <http://www.bbc.co.uk/news/uk-34207093>

Morrisons closures - shops deserting high street at faster rate in 2014
<http://www.bbc.co.uk/news/business-31899346>

17/9 FSB says UK small firms split over Europe
<http://www.bbc.co.uk/news/business-34270117>

18/9 Bank of England may have to cut rates – have been at 0.5% for 6 years – to combat low inflation <http://www.bbc.co.uk/news/business-34291815>

20/9 UK much less productive than the rest of the G7 – lagging behind by biggest gap since 1991 <http://www.bbc.co.uk/news/business-34289704> too many low paid, low-skilled jobs

21/9 China to invest in Hinckley Point nuclear power station with UK govmt guaranteeing the £2bn deal
<http://www.bbc.co.uk/news/uk-england-somerset-34306997>

22/9 UK and China exploring how to link their stock markets
<http://www.bbc.co.uk/news/business-34322446>

24/9 Osborne urges China to bid for HS2 work
<http://www.bbc.co.uk/news/uk-34341352>

28/9 Labour to push for Robin Hood tax – financial transaction tax
<http://www.bbc.co.uk/news/uk-politics-34375702>

Picketty and Stiglitz to advise Corbyn
<http://www.bbc.co.uk/news/uk-politics-34374349>

30/9 UK service sector slows in July
<http://www.bbc.co.uk/news/business-34398876>

Europe

5/9 ECB cuts growth and inflation forecasts for this year and next two years
<http://www.bbc.co.uk/news/business-34139583> Draghi: ‘recovery will continue albeit at a slightly weaker pace.’

He was speaking after the ECB kept its main interest rate on hold at 0.05%.

The ECB is now forecasting economic growth in the eurozone of 1.4% in 2015, down from 1.5%, and 1.7% in 2016, compared with its previous projection of 1.9%.

However, Mr Draghi said that risks to the outlook for economic growth and inflation had worsened since mid-August, when the latest projections were calculated.

Euro falls

"Lower commodity prices, a stronger euro, somewhat lower growth, have increased the risk to a sustainable path of inflation towards 2%," he told a news conference in Frankfurt.

The euro fell sharply following Mr Draghi's comments, dropping a cent against the dollar to \$1.1127.

He also admitted that inflation could turn negative in the coming months.

The bank expected inflation to be 0.1% for 2015, rising to 1.5% in 2016 and 1.7% in 2017, dampened by lower energy prices. The ECB made no change to its bond-buying programme

5/9 Tsipras calls election – faces possible defeat to New Democracy: pro bail out, pro EU

<http://www.telegraph.co.uk/finance/economics/11844657/Alexis-Tsipras-faces-shock-election-defeat-as-voters-on-course-to-punish-Syriza-at-the-ballot-box.html>

20/9 Greeks back to polls with tight race predicted between Syriza and right wing New Democracy <http://www.bbc.co.uk/news/world-europe-34306084>

21/9 Tsipras hails “victory of the people” after winning Greece’s fifth general election in 6 years. Syriza has 35% - short of majority but will form coalition with Independent Greeks. New Democracy won 28%

<http://www.bbc.co.uk/news/world-europe-34307795>

22/9 VW probe spreads to SE Asia as S Korea announces it will launch an investigations into faked emissions figures

<http://www.bbc.co.uk/news/business-34322016> Shares down 20% as €14bn wiped off company value

23/9 VW hit by multiple probes in the US

<http://www.bbc.co.uk/news/business-34332452>

24/9 VW chief Martin Winterkorn falls on his sword

<http://www.bbc.co.uk/news/business-34340997>

US

4/9 Trade deficit lowest for five months

<http://www.bbc.co.uk/news/business-34139983> Declines to \$41.9bn in July from \$45.2bn in June

US economy added 173,000 jobs in August – well below the 217k expected.

<http://www.bbc.co.uk/news/business-34154579> Unemployment down to 5.1% from 5.3% in July and the lowest level since April 2008 –not seen as good news and FTSE dropped in response

11/9 Apple unveils new iPad pro, Apple TV, iPhone 6S

<http://www.bbc.co.uk/news/technology-34200234>

12/9 US oil output due for 'sharpest fall since 1992' due to falling oil prices

<http://www.bbc.co.uk/news/business-34219144> US crude oil was \$90 a barrel a year ago: now down to around \$45

16/9 Hewlett Packard to axe 25-30,000 jobs

<http://www.bbc.co.uk/news/business-34265094>

18/9 US opts to keep rates at 0.25% (since December 2008) Vote was 9-1 due to worries about slowdown and stock losses in China and their potential to depress world markets <http://www.bbc.co.uk/news/business-34286230>

"Recent global economic and financial developments may restrain economic activity somewhat and are likely to put further downward pressure on inflation in the near term."

25/9 Fed chief Yellen says US still on course for rate rise later this year

<http://www.bbc.co.uk/news/business-34355192>

Far East

1/9 New data confirm China slowdown, with factory activity contracting at fastest pace for 3 years in August <http://www.bbc.co.uk/news/business-34105238>

2/9 China shares continue to slide at beginning of September on continuing growth worries <http://www.bbc.co.uk/news/business-34124413>

8/9 August saw big falls in China exports and imports – trade balance up sharply <http://www.bbc.co.uk/news/business-34182693>

China's imports in August fell 14.3% in yuan-denominated terms from a year ago, while exports fell by 6.1%. The steep fall in the value of imports reflects lower commodity prices globally, particularly crude oil.

The numbers mean China's monthly trade surplus expanded by close to 40% from the month earlier to 368bn yuan (\$57.8bn; £37.7bn).

China recently revised down its 2014 economic growth from 7.4% to 7.3%, its weakest for almost 25 years.

In US dollar denominated terms, exports for the month of August fell 5.5% from a year earlier - slightly less than expected - while imports fell by 13.8%, leaving China with a surplus of \$60.24bn.

8/9 Chinese figures impact on Japanese stock market which sees year to date gains wiped out <http://www.bbc.co.uk/news/business-34182387>

11/9 In one of world's biggest stock market debuts this year Japan Post to raise \$11.5bn in one of Japan's biggest public share sales for 30 years. 1.39tn yen
<http://www.bbc.co.uk/news/business-34205774>

14/9 Further signs of China economic slowdown -
<http://www.bbc.co.uk/news/business-34237939> as August investment and factory output comes in below expectations at 6.1% compared to forecast of 6.4%

15/9 N Korea nuclear reactor in "full operation" at Yongbyon – can only increase tensions with the South <http://www.bbc.co.uk/news/world-asia-34254634>

17/9 Japanese trade data not good but shares still up
<http://www.bbc.co.uk/news/business-34275793> - exports up 3.1% short of the predicted 4%, and also a downgrade from S&P due to the weakening outlook for the economy

23/9 China's factory activity now contracting at fastest pace for 6½ years
<http://www.bbc.co.uk/news/business-34332806> PMI for September down to 47 – down from 47.3 in August and below expectations of 47.5 But reported to be up slightly at the end of September? <http://www.bbc.co.uk/news/business-34409196>
Official figures - may need to be questioned

25/9 Japanese inflation falls for the first time since August 2013
<http://www.bbc.co.uk/news/business-34355538>

Emerging Markets

1/9 India growth also slowing down – economy grew at an annual rate of 7% April to June – down from 7.5% in previous quarter and lower than expected
<http://www.bbc.co.uk/news/business-34107648>

10/9 Brazil cut to junk bond status by standard & Poor's

<http://www.bbc.co.uk/news/business-34205558>

15/9 Brazil cuts spending and raises taxes -

<http://www.bbc.co.uk/news/business-34252951> \$7bn package of spending cuts and raise another \$8bn by re-introducing a financial transactions tax abolished 8 years ago

28/9 Hopes rise for Indian rate cut <http://www.bbc.co.uk/news/business-34358105>

And finally...

Buzz Aldrin – we must beat China to Mars

<http://www.telegraph.co.uk/news/worldnews/northamerica/usa/2211940/Buzz-Aldrin-Invest-in-Nasa-to-beat-the-Chinese-to-Mars.html>

Celebrity selfies boost make up sales

<http://www.bbc.co.uk/news/business-34324236>

Banksy's Dismaland <http://www.bbc.co.uk/news/uk-england-bristol-34347681>