

UK News

- UK productivity rose at the fastest rate in six-years in Q3 2017. Output per hour increased at 0.9%.
- A poll of economists suggests that growth rate in the UK will slow to 1.5% this year as business investment remains flat, interest rates increase and debt causes consumers to reduce spending.
- Car sales in the UK fell for the first time in six years. The number of new sales was down 5.7% on 2016 figures.
- Data from Visa showed that British consumer spending fell 0.3% last year - the first fall since 2012. Spending in December alone was 1.0% lower than in 2016. Lower consumer lending growth figures were also announced by the Bank of England.
- According to Lloyds, UK business confidence has reached a five-month high, but remains significantly lower than levels seen before last year's referendum.

World News

- Global debt has hit a record high of \$233 trillion, over three times global income.
- Economic activity in the Euro-area has accelerated to the fastest rate in nearly seven years as services and manufacturing saw growth.
- China has told the World Trade Organisation that it will tighten restrictions on importing foreign waste. Complete bans of 24 grades of solid waste were announced including unsorted, mixed papers, post-consumer plastics and waste above a 0.5% contamination limit. This creates serious concerns for the UK which currently sends 494,000 tonnes of plastic to China every year.

Friday to Friday

| | Price / index | Week % change | Annual % change |
|-----------|---------------|---------------|-----------------|
| FTSE 100 | 7724.22 | 0.47 | 7.13 |
| FTSE 250 | 20932.56 | 1 | 14.13 |
| Nikkei | 23714.53 | 4.17 | 21.90 |
| S&P 500 | 2743.15 | 2.60 | 20.47 |
| Nasdaq | 7136.56 | 3.38 | 29.26 |
| CAC 40 | 5470.75 | 2.98 | 11.42 |
| Dax | 13319.64 | 3.11 | 14.83 |
| \$ per £ | 1.3562 | 0.29 | 10.17 |
| € per £ | 1.1264 | 0.14 | -3.39 |
| Gold £/oz | 972.37 | 0.48 | 1.88 |
| Brent Oil | 67.62 | 1.12 | 18.42 |

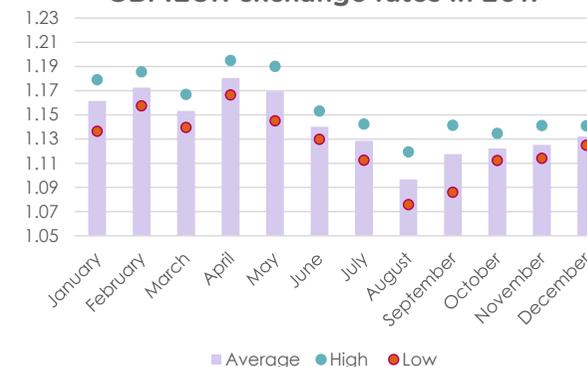
UK Property / construction

- Concerns are increasing over the ability to recruit enough labour for the project at Hinkley Point despite industry-leading pay rates.
- According to Nationwide, the London housing market was the worst-performing UK market in 2017 for the first time in a decade. According to the building society, values in the capital fell 0.5%, lagging behind the national average of +2.6%.
- Halifax announced that in December, UK house prices unexpectedly fell 0.6% month-on-month.
- Mortgage approvals hit a 15-month low in November (the same month the Bank of England raised interest rates).
- In December, construction output, according to PMI, eased slightly to 52.2 from 53.1 and signalling moderate expansion at the end of 2017.

Commodities and Currencies

- Brent crude rose above \$68/barrel for the first time since 2015 owing to a tighter market and tensions in Iran.
- Global steel production rose to a record 145.3m tonnes in October with almost half of that being made in China. Shipments of iron ore and coal helped push the Baltic Dry Index to four-year highs with nearly half of shipments headed to China.
- The Australian Government has forecast the price of iron ore to fall 20% in 2018 and price per metric tonne to fall from \$64.30 at the end of 2017 to \$51.50 over the course of the year.
- ING expects sterling to return to pre-Brexit vote levels against the dollar this year. However the median of other forecasters is just \$1.35.
- Towards the end of 2017, Sterling appeared to be less volatile. However, traded volumes have also been low.

GBP:EUR exchange rates in 2017



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