

### UK Property / construction

- In its latest report, the Construction Industry Training Board (CITB) lowered its 5-year forecast for average annual construction output growth from 1.7% to 1.3%. They have also predicted that this growth will create more than 150,000 construction jobs over next five years, despite Brexit uncertainty.
- According to the ONS, construction output has seen three consecutive quarters of negative growth, meaning the sector is technically in recession. In Q4 2017, output fell 0.7% led by a fall in private commercial work, whilst private housebuilding reached its highest level on record.
- Investment in City offices reached a record level of £12.6bn (57% above the 10-year average) according to Savills' latest City Investment Watch report. The consultancy expects another bumper year, driven largely by international investors.
- There will be a shortage of London office space over the next three years as supply peaked in 2017 and demand continues, according to Knight Frank.
- Pinewood Studios is currently looking to buy an extra 20 acres of land in Dagenham to meet demand for studio space.

### Commodities and Currencies

- Concerns over future inflation prospects caused many global stockmarkets to fall last week with many economists calling the event a "correction". Bloomberg's VIX index, a measure of volatility, surged by over 115% reaching its highest level since August 2015, before falling back slightly.
- During Monday's sell off, the Dow Jones saw its biggest closing point drop on record, losing nearly 5.4% in the week. However, it remains 18.5% up annually.

### Friday to Friday

	Price / index	Week % change	Annual % change
FTSE 100	7,092.43	-4.72	-2.29
FTSE 250	19,217.49	-3.73	2.68
Nikkei	21,382.62	-8.13	10.34
S&P 500	2,619.55	-5.16	13.10
Nasdaq	6,874.49	-5.06	19.89
CAC 40	5,079.21	-5.33	5.20
Dax	12,107.48	-5.30	3.78
\$ per £	1.3791	-2.38	10.31
€ per £	1.1280	-0.61	-3.92
Gold £/oz	952.7	0.91	-3.54
Brent Oil	62.79	-8.44	10.74

### Bank of England - Inflation Report

The Bank of England's latest inflation paper presented a more hawkish attitude, signalling that rates could rise "somewhat earlier and by a somewhat greater extent" than previously expected in an effort to reduce quantitative easing and return to a more "normal" market. The Bank stated that it expects the transitory effects from the fall in sterling to pass through the system soon but warned that domestic costs will come under pressure from the cost of labour.



Source: Bank of England, *Inflation Report*

### World News

- Germany's Social Democrats and Angela Merkel's conservatives reached an agreement to create a grand coalition government, after being in talks since September 2017. Their focus is to create a 'United States of Europe' and deepening EU integration.
- The USA's trade deficit grew 12.1% in President Trump's first year in the office, reaching the highest level since 2008. US exports grew 5.4% to \$2.3tn, the second highest level on record, while imports reached a record of \$2.9tn in 2017.
- House prices in Frankfurt have increased 10.7% following rumours that 10,000 British bankers will move there following Brexit.

### UK Economic News

- Ratings agency S&P has warned that a disorderly Brexit could see further downgrades to the UK's credit rating. The agency has already downgraded the UK by two levels and are due to update their ratings in April.
- A China trade commissioner has suggested that China would be cautious to start trade talks with the UK before the UK has agreed a deal with the EU.
- Falls in high street shopping and increased spending on transport drove a decline in the UK spending index of 1.2% last month, according to data from Visa.

### Contacts



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