Economic week in review 26 November - 3 December 2018

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World news

- An agreement was reached between the Presidents of US and China at the G20 summit. President Trump agreed to pause the planned increases in trade tariffs to 25% from 10%. In exchange, China agreed to buy US goods to narrow the trade gap between the countries. They also agreed to move ahead with structural changes to its economy to address practices such as intellectual property theft and the forced transfer of technology that the US regards as unfair.
- Eurozone economic sentiment fell in November for the 11th month in a row but was better than analysts predicted. The European Commission's indicator stood at 109.5 in November, down from 109.8 in October.
- Italy's economy shrank by 0.1% in Q3 on Q2, after being revised down from the preliminary estimate of no change. It is the first contraction since Q4 2014.
- The US Federal Reserve is set to announce an increase in US interest rates, a move not supported by President Donald Trump.

Housing and construction

- There were 76,000 new mortgage approvals in the UK during October, up from 66,000 in the previous month. It is the highest figure since January 2018, Bank of England data showed.
- The mayor of London allocated an extra £490m to build 10,000 affordable homes in the capital. The funds will be made available to 15 strategic partners of the Greater London Authority.
- Wealthiest home buyers in the most exclusive central postcodes managed to get on average 13.6% lower prices than the initial price, with discounts of more than £350,000. This reduction is the highest in almost a decade, according to data group LonRes.

Friday to Friday

	Price / index	Week % change	Annual % change
FTSE 100	6,980.24	0.39	-4.39
FTSE 250	18,480.83	-0.28	-6.92
Nikkei	22,351.06	3.25	-2.05
S&P 500	2,760.17	4.85	4.46
Nasdaq	7,330.54	5.64	7.05
CAC 40	5,003.92	1.15	-5.89
Dax	11,257.24	0.58	-12.47
$ per £	1.2769	-0.28	-5.49
€ per £	1.1278	-0.18	-0.55
Gold £/oz	957.17	0.27	0.76
Brent Oil	59.46	1.12	-6.70

Stocks and Commodities

- Markets reacted positively to the temporary solution to the US-China trade dispute.
- The emerging markets hedge funds index fell 3.7% in October, making October the eighth consecutive month of decline, data from Hedge Fund Research showed. This is on track to their worst annual performance since 2011.
- Oil experienced a slight increase as Saudi Arabia and Russia extended their pact to manage the market and Canada's largest producing province announced unprecedented supply cuts. Optimism was dented slightly as Qatar said it was leaving OPEC.

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UK economic news

- Car production in the UK dropped 9.8% in October year-on-year; the fifth consecutive month of declining output due to falling sales in Britain and mainland Europe. Car sales fell 7.2% in the first 10 months of 2018 due to sluggish economic growth, Brexit uncertainty and the diesel scandal.
- Approximately €750 - €800bn in assets will be moved from London to Frankfurt by 37 firms, according to official figures from Frankfurt Main Finance, the financial marketing group. Several banks are looking to spread their operations across a number of cities, not just Frankfurt. The majority of these assets will be transfered in Q1 2019.
- EU migration figures have remained steady despite a dip in the EU citizens moving to the UK as it experienced a rise in Asian citizens moving to the UK for work reasons. Net migration was 273,000 in the year to end of June 2018, still above the government target for overall migration of 100,000 a year. Net migration from the EU to the UK fell to the lowest level in six years with only 74,000 EU individuals moving to the UK.
- Nine in ten businesses said Brexit has affected their ability to recruit and train staff this year, according to the Confederation of British Industry. The professional body estimates that the public sector, including the NHS and schools, faces up to seven more years of skills shortages, based on the current demand model.
- The latest report from the Bank of England on possible Brexit outcomes showed that in any scenario, the break will leave Britain worse off. The worst case scenario would see the long term GDP at -9.8% in a no deal scenario. However, the report looked at what is possible, not what is likely.