

UK Economy

- **UK Growth** - The Governor of the Bank of England has said that the UK's economy is set to stagnate in Q3 as underlying growth looks muted.
- **Brexit research** - a recent survey by Bank of England said that uncertainty over leaving the EU has lowered capital spending on average by about 11% and cut UK productivity by between 2 and 5%.
- **Car manufacturing** - The UK car industry is witnessing its worst decline since 2001 as growth has fallen in 14 consecutive months, and was more than 10% lower annually in July.
- **UK manufacturing** activity fell to 47.4 in August, down from 48 in July. It is the fourth consecutive month and the fastest pace since 2012, IHS Markit purchasing managers index showed.
- **Parliament** will return on Tuesday amid calls for a no-confidence vote after the prime minister announced plans to close parliament for five weeks.



Global News

- **South Korea** - The government announced its most significant Budget since the 2008 crash as its export-focussed economy struggles. The new budget will see an 8% increase in spending next year as well as significant investment in "future growth engines" such as AI, 5G and bio-health services.
- **France and UK Customs** - France announced plans to test an electronic customs system that will put in place for freight crossing the Channel if the UK leaves the EU without a deal. A recent leak of the UK's contingency planning for a no-deal Brexit found that between 50-85% of lorries travelling between Calais and Dover were not expecting to be ready to cope with new French customs controls. The document estimated that this could lead to a reduction in traffic flows of between 40-60%.
- **China's** official manufacturing purchasing managers' index which looks at large, state-owned companies showed that the sector shrank for a fourth consecutive month in August due to trade wars with the US. However, the Caixin-Markit manufacturing PMI, a private survey tracking smaller firms showed that activity rebounded to a five-month high in August. Analysts say that the recovery had been driven partly by an improvement in domestic demand, prompting manufacturers to raise their output.

The Markets

- **Gold** investments continue as inflows to exchange-traded funds exceeded 100 tons in August, hitting the highest figure since 2013.
- **Steel** TSP Projects, a subsidiary of British Steel, was sold to a French transport and engineering firm making the future of the company more positive.

UK property and construction

- **Home ownership** amongst young adults has halved in the last 20 years according to thinktank Nuffield Foundation.
- **Home buyers** HSBC announced plans to lend an extra £35bn to potential homeowners. The move will increase banks' share of the market from around 7% to 10%.
- **Vacant stores** Research by Colliers International uncovered that more than 50 of BHS' stores are still vacant, equating to 2.5m sq.ft. of space.
- **Reverse VAT** With less than a month until the introduction of reverse charge VAT, there seems to have been no response from the government to construction industry representations for postponement until April 2020.
- **Community Infrastructure Levy** Local authorities are being compelled to publish details of monies received from developers in Community Infrastructure Levy (CIL) payments and how it has been spent. From December 2020, councils will be required to publish an annual report on all CIL agreements entered into with developers.

Friday to Friday

	Price / index	Week % change	Annual % change
FTSE 100	7,207.18	1.58	-3.03
FTSE 250	19,393.63	0.82	-6.26
Nikkei	20,704.37	-0.03	-9.45
CSI 300	3,799.59	-0.56	13.95
S&P 500	2,926.46	2.79	0.86
Nasdaq	7,962.88	2.72	-1.81
CAC 40	5,480.48	2.88	1.36
Dax	11,939.28	2.82	-3.44
\$ per £	1.2172	-0.73	-6.12
€ per £	1.1077	0.63	-0.91
Gold £/oz	1,250.32	0.58	34.98
Brent Oil	60.43	1.84	-22.17

Things to look out for

- UK GDP data will be released next Monday.
- China is planning its National Day military parades for 1st October and is expected to showcase the country's military capabilities.
- Euro area manufacturing PMI will be published today.
- The Spending Review is scheduled for Wednesday.

Issues of the week

As Parliament returns from summer break this week, it will be closely followed, as we enter the final weeks before Brexit's 31st October deadline and the upcoming party conferences. Last week's news that parliament will be prolonged for five weeks will not have helped investors confidence.

The coming weeks will reveal vital pieces of the world economy as manufacturing continues to suffer in the aftermath of stockpiling early in 2019 and global trade disputes endure.

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