

“China should stop kicking the can down the road and get on with some serious structural reforms”

Nouriel Roubini, economist



New year, new turmoil

The stock market turmoil we saw in 2015 continued into 2016 with China suspending trade on its markets twice in one week as the stock market moved more than -5%. Japan adopted negative interest rates, and bank share prices plummeted.



In / Out

After months of unsuccessful negotiations with the EU, the UK launched a referendum on membership of the EU which ultimately resulted in a vote to leave.



Commodities: the Trump Effect

The election of President Trump and his vocal support of large infrastructure schemes worked to boost ailing commodity markets. His speeches increased the value of the dollar and key commodities on the expectation of economic growth in the US and increased demand for materials.

ECONOMIC WEEK IN REVIEW

2016

RETROSPECTIVE



Oil price crash

Oil prices reached a low of \$26/barrel as efficiency gains in US shale oil caused oversupply. In order to increase prices, OPEC agreed to cut output, but not by enough to increase prices too much to encourage more shale oil to come on-stream as the production costs of shale oil are much higher than oil produced by OPEC nations.



HS2 approval

The House of Commons passed the Phase 1 HS2 Hybrid Bill at its third reading, with 399 MPs voting in favour to only 42 against, allowing it to progress and gain Royal Assent the following year.



Sterling: A rollercoaster of a year

October's "Flash Crash" pushed an already weakened sterling to a low of €1.11. A year earlier, the pound had enjoyed a high of €1.43, which was pushed to below €1.20 following the vote to leave the EU. All of this had severe consequences for large construction projects undergoing procurement during these frenetic months.

“Europe is not in recession, but expectations about how strong the recovery is need to come back to reality. Growth isn't as strong as Europeans think it is”

BNP Paribas Investment Partners