

February Market Commentary Compliance Notes

The great thing about writing this bulletin is that you make a note of something which looks hugely significant around the middle of the month (in this case it was the fall in UK inflation) and then something else comes along which makes it look irrelevant. In this case 'hugely significant' event was the fall in UK inflation – what came along was obviously the Greek election result and victory for Syriza, the far-left coalition under Alexis Tsipras

6/1 Oil price dips to \$53 a barrel

<http://www.theguardian.com/business/2015/jan/05/asda-cuts-petrol-price-diesel>

Stock markets believe slide from peak of \$115 a barrel last summer reflects slowdown in China, recession in Japan and looming eurozone deflation

14/1 Implications of the plummeting oil price

<http://www.theguardian.com/business/2015/jan/13/falling-oil-price-global-shockwaves-mixed-blessings>

20/1 IMF cuts global growth forecast – down from 3.8% to 3.5% for this year and to 3.7% next year <http://www.bbc.co.uk/news/business-30876954>

21/1 Analysis of Greek position pre-election

<http://www.theguardian.com/world/2015/jan/21/-sp-greek-elections-the-guardian-briefing>

26/1 Syriza win Greek election. Greece on collision course with Europe. Alexis Tsipras. Stock market falls 5% and Euro drops to 11 year low, but well, they would, wouldn't they?

<http://www.theguardian.com/world/live/2015/jan/26/greece-election-syriza-victory-alexis-tsipras-coalition-talks-live-updates>

Reaction in Germany was that (Bild) 'an agreement is an agreement.' Tsipras offered to restore 'dignity.' Expect to hear that word several more times in the run up the General Election

29/1 Mark Carney attacks Eurozone austerity – warns of lost decade

<http://www.theguardian.com/business/2015/jan/28/bank-england-governor-attacks-eurozone-austerity>

Speccy – euro crisis is Cameron's opportunity

<http://www.spectator.co.uk/features/9427141/europes-crisis-is-camersons-opportunity/>

UK

3/1 UK manufacturing growth slows in December

<http://www.bbc.co.uk/news/business-30655897>

Whilst optimism in the service sector is also down – at lowest for 21 months according to CBI survey <http://www.bbc.co.uk/news/business-30187300>

6/1 First time buyers highest since 2007 says Halifax
<http://www.bbc.co.uk/news/business-30684286>

Tesco to close 43 stores despite slightly better than expected Xmas
<http://www.bbc.co.uk/news/business-30712762> M&S say Xmas was 'difficult'
Sainsburys say 2015 will be 'challenging.'

Is Eurozone deflation bad news for UK?

<http://www.bbc.co.uk/news/business-30724801>

Mark Carney may be first Governor of BofE since 1997 required to write a letter explaining why inflation is so low

<http://www.theguardian.com/business/2015/jan/12/bank-governor-forced-letter-explain-low-inflation>

12/1 Jaguar Land Rover to hire 1300 new staff for new model

<http://www.theguardian.com/business/2015/jan/12/jaguar-land-rover-1300-new-jobs>

13/1 UK inflation falls to 0.5% and Governor of BofE will need to write to Chancellor to explain why inflation has fallen below 1% - letter and inflation report will be published on 11th February

<http://www.bbc.co.uk/news/business-30794673>

23/1 UK car production at 7 year high <http://www.bbc.co.uk/news/business-30945288>

26/1 Is UK recovery running out of steam? Growth could be down to 2.6% this year, as it slows to 0.6% in last quarter. Poll of economists by Reuters

<http://www.theguardian.com/business/2015/jan/26/uk-economic-recovery-running-out-steam-forecasters>

28/1 UK GDP slows to 0.5% in final quarter but annual growth of 2.7% is best since 2007 <http://www.theguardian.com/business/2015/jan/27/uk-gdp-slows-final-quarter>

Europe

3/1 Comments by Mario Draghi send Euro to lowest level since 2010 – to around £1.20 – Central Bank may soon have to start QE. Will make holidays cheaper though...

<http://www.bbc.co.uk/news/business-30654641>

6/1 Euro falls to 9 year low against the dollar

<http://www.theguardian.com/business/2015/jan/05/euro-sinks-nine-year-low-against-dollar>

Germany expects new Greek government to abide by bailout terms

<http://www.theguardian.com/business/2015/jan/05/euro-sinks-nine-year-low-against-dollar>

8/1 Deflation hits Eurozone as energy prices fall – puts more pressure on ECB to opt for QE <http://www.bbc.co.uk/news/business-30707644>

14/1 Euro falls below launch rate as QE nears
<http://www.theguardian.com/business/live/2015/jan/14/european-court-of-justice-rules-on-ecb-bond-buying-programme-business-live>

Shares fall as World Bank cuts forecasts for this year and next
<http://www.theguardian.com/business/2015/jan/14/world-bank-forecast-markets-copper-shares>

Germany balances budget for first time since 1969
<http://www.theguardian.com/world/2015/jan/13/germany-balanced-budget>

16/1 Swiss National Bank removes the ceiling on the franc – shoots up by 30% against the euro
<http://www.telegraph.co.uk/finance/currency/11349958/Swiss-franc-shock-forces-West-Ham-shirt-sponsor-Alpari-out-of-business.html>

But sent Swiss market tumbling and government bonds now have a negative yield for first time ever
<http://www.theguardian.com/business/blog/live/2015/jan/16/european-stock-markets-set-to-open-lower-after-swiss-turmoil-live>

20/1 German investor confidence rises in January
<http://www.bbc.co.uk/news/business-30893582>

22/1 Massive QE programme for Europe €1.1tn bond buying programme:
<http://www.bbc.co.uk/news/business-30933515>

QE programme sends Euro to 11 year low against the dollar
<http://www.bbc.co.uk/news/business-30933515>

USA

28/1 Big falls in Dow following disappointing results from 'bellwether' companies <http://www.theguardian.com/business/2015/jan/27/us-stock-markets-dow-jones-plunge>

US stock markets fell heavily on Tuesday following a string of disappointing financial results from big bellwether companies, including Procter & Gamble, Caterpillar, Microsoft and Pfizer.

The Dow Jones Industrial Average fell by more than 2%, before recovering to 1.5% down. The Nasdaq was down 1.6% and the Standard & Poor's 500 had lost 1.3%.

Microsoft shares crashed 9.4% – its biggest one-day fall since July 2013 – after the company reported disappointing results after the markets closed on

Monday. The collapse in Microsoft's share price – down \$4.40 to \$42.60 – dragged tech stocks in the S&P 500 to their worst day since October.

28/1 No such problems at Apple

<http://www.theguardian.com/technology/2015/jan/27/apple-record-quarterly-earnings-report-iphone-6-plus>

\$18bn profit for last quarter of 2014

74.4m iPhones sold

34,000 every hour with sales up 70% in China

Cash pile = \$178bn – more than UK spends each year on NHS and education combined

1% of population bought iPhone in last quarter of 2014

29/1 Facebook profits beat expectations boosted by mobile ads which accounted for 69% of revenue - £2.5bn – in Q4

<http://www.theguardian.com/technology/2015/jan/28/facebook-revenue-grows-mobile-advertising>

Far East

Samsung forecasts a 37% fall in quarterly profits

<http://www.bbc.co.uk/news/business-30721516>

Chinese telecoms giant Huawei sees 17% jump in profits in 2014, driven by global adoption of 4G technology <http://www.bbc.co.uk/news/business-30794110>

20/1 China's growth slows to its weakest for 24 years

<http://www.bbc.co.uk/news/business-30876464>

China's economic growth slowed to its weakest in 24 years, expanding 7.4% last year from 7.7% in 2013.

Growth in the world's second largest economy missed its official annual growth target of 7.5% for the first time in 15 years.

But, the annual growth figures still came in higher than market expectations of about 7.2%.

China's economy expanded by 7.3% in the October-to-December period from a year earlier.

23/1 South Korean growth is lowest for 6 years in Q4 of 2014, growing by only 0.4% <http://www.bbc.co.uk/news/business-30945571>

Cina manufacturing growth stalls - contacted for second consecutive month with PMI at 49.8 (December 49.6) in January

<http://www.bbc.co.uk/news/business-30945627>

Emerging Markets

Russia – inflation up – estimated at 11.4% in 2014 – as rouble falls
<http://www.bbc.co.uk/news/business-30643354> food up 15% in 2014

Venezuelan economy enters recession – for so long the star stock market performer
<http://www.bbc.co.uk/news/world-latin-america-30638770>

Russia downgraded to junk status for first time in a decade
<http://www.theguardian.com/business/2015/jan/26/russia-downgraded-junk-status-decade-credit-rating>

Other countries joining Russia in junk bond are Greece, Argentina and Ukraine
<http://www.theguardian.com/business/2015/jan/27/the-junk-credit-rating-club-which-countries-join-russia-at-the-bottom>
Countries at the top? Australia, Canada, Denmark, Germany, Luxembourg, Norway, Singapore, Sweden, Switzerland

Brazil faces worst drought for 80 years

And finally...

Venezuela denies ice cream crisis <http://www.bbc.co.uk/news/world-latin-america-30631853>