"SUPER THURSDAY" FLATTERS TO DECEIVE

This week much of the financial press got very excited about a triple whammy of data releases from the Bank of England, which published the minutes of the monetary policy meeting, the interest rate decision and its quarterly inflation report together for the first time. Ludicrously this got dubbed "Super Thursday" earlier in the week, but by the end of the day most commentators had remembered what boring documents these actually are. After the bank confirmed it would be doing nothing for another quarter, like the last 25 quarters, there was at least one headline bemoaning "Average Thursday."

Despite all the phoney hype, the announcements did actually contain some useful information. It confirmed again that the bank is quite comfortable keeping rates low and is in no rush to revert back to normalising them, if indeed it ever does. With inflation stubbornly low, anyone betting on a rate rise, even a year from now has a good chance of being very disappointed.

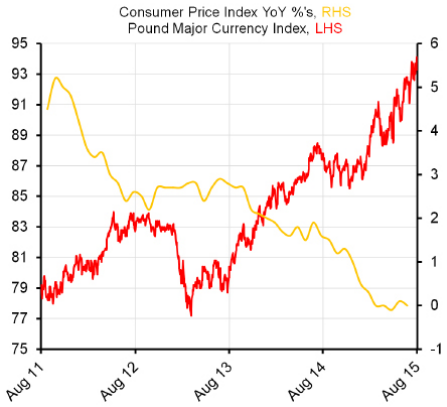
THE MARKETS THIS WEEK

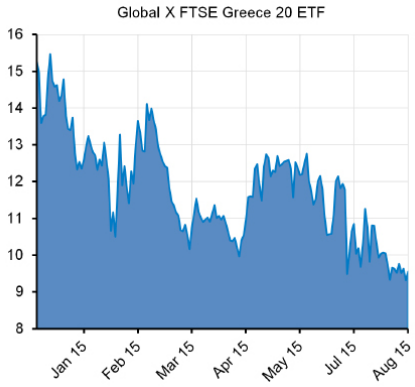
FTSE 100	S&P 500	Nikkei 225	Hang Seng	Dax 30	CAC 40	Ibex 35	Brent Crude	Natural Gas	Gold	Wheat
+0.71%	-1.19%	+0.68%	-0.34%	+2.07%	+1.77%	+0.25%	-3.92%	-2.92%	-0.46%	+2.10%

UK: RATES TO BE KEPT ON HOLD

The Bank of England's Monetary Policy Committee maintained a dovish stance on Thursday, deciding to hold rates at their current level of 0.5 per cent. Although not a unanimous decision, the 8-1 majority vote was enough to suggest that interest rates will not rise until 2016 at the very earliest. Minutes from the August MPC meeting were also released with the second quarter inflation report, with the BoE dicing its inflation forecasts for 2015 from 0.6 per cent to 0.3 per cent. Yet another fall in oil prices has been compounded by a rise in the value of sterling over recent months, in particular in May, where it appreciated 3.5 per cent.

Meanwhile, growth in UK house prices dropped to their lowest level since December 2014 as reported by the Halifax. In the year to July price growth fell slightly to 7.9 per cent, although they are expected to continue their upwards trend according to analysts, at least until rates begin to rise. It is perhaps then not surprising that some mortgage lenders are beginning to withdraw their lowest rates already in anticipation of this, despite the BoE's announcement this week.





EU: TRADE AGREEMENT SIGNED WITH VIETNAM

Tuesday marked a major trade agreement between the EU and Vietnam, one which gives European companies access to a rapidly expanding economy which is home to 90 million people. Growth is predicted to hit 6 per cent this year for the South East Asian nation, and is likely to steadily rise over the next few years on the back of a strong export market, a young population and a growing emphasis on technology. One distinct advantage of the deal will see 99 per cent of tariffs removed between the two economies, with clothing companies who produce goods in Vietnamese factories likely to be the largest beneficiaries of the deal.

Elsewhere, on Monday Greece decided to reopen its main stock index following a five week closure. It was little surprise that the market fell sharply given that investors had their first chance to trade since late June. Most notably, Greek banking stocks suffered, falling 65 per cent in the first three days of trading. However the Athens Stock Exchange did offer investors some respite on Thursday, closing up 2.7 per cent.

CHINA: MARKET STIMULUS FIGURES REVEALED

A report conducted by Goldman Sachs revealed this week that China has spent $144bn to prop up the country's waning stock market since its mid-June peak. Market intervention has failed so far to halt the decline in stock prices, however Goldman estimates that the coalition of state financial institutions dubbed the "national team", have further scope to apply stimulus. The challenge now for the government will be to convince investors that equity markets are a means that that can offer them prosperity over the long-term.

The International Monetary Fund expressed doubts over the renminbi this week in relation to its potential inclusion as a global reserve currency. The fund will decide by the end of this year on whether the redback merits a presence among the existing band of currencies which possess special drawing rights; namely the dollar, euro, pound and yen. Any verdict on inclusion will need to consider whether the renminbi is "freely usable", however it is only likely to be a matter of time before the currency gets listed status given its growing internationalisation of late.