MIGRANT CRISIS TAKES PRECEDENCE OVER ECB COMMENTS

This week market wobbles were put into stark perspective as the scale of the migrant tragedy took centre stage. The focus on the human cost of the situation has definitely seen the national mood become more sympathetic, with concerns over immigration taking a back seat to the humanitarian crisis unfolding on Europe's doorstep. Back in financial world meanwhile, the European central bank provided the most interesting story hinting at yet more QE to prop up the struggling Eurozone.

The fallout from China's slowdown has also continued this week, with global equity markets continuing to swing violently. Things are unlikely to get better as markets wait for US jobs figures released today, which might possibly sway the Fed on whether to raise rates later this month or not. Paradoxically the biggest impact would likely be felt by China, so any shift in focus would be only temporary.

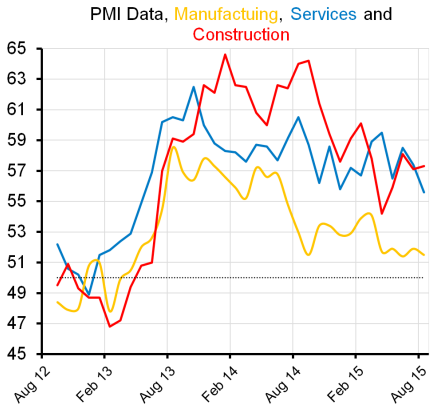
THE MARKETS THIS WEEK

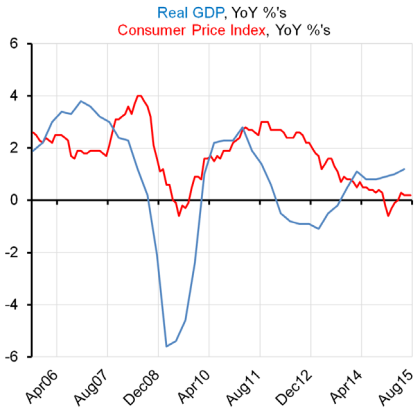
FTSE 100	S&P 500	Nikkei 225	Hang Seng	Dax 30	CAC 40	Ibex 35	Brent Crude	Natural Gas	Gold	Wheat
-1.68%	-1.84%	-7.02%	-4.57%	-1.95%	-2.58%	-4.73%	+3.13%	-0.42%	-0.31%	-4.30%

UK: SERVICES SECTOR GROWTH DISAPPOINTS

This week's release of the Markit purchasing managers' survey revealed that construction, manufacturing and services had all underperformed market expectations in August. The figures were particularly surprising for the services sector, with its PMI index falling to 55.6, signalling the slowest pace of expansion in more than two years. Nevertheless, the composite PMI index continues to exceed the 50 mark that separates expansion from contraction, suggesting the economic outlook in the UK remains positive for now. Analysts attributed global market uncertainty in August to the fall in business sentiment.

Elsewhere, airliner Easyjet announced that it was raising its annual profit forecast following a record month of trading in August. The figure announced of between £675m and £700 easily surpassed company estimates of between £620m and 660m. A sharp decline in oil prices over the last 12 months has benefitted the airline industry considerably, with the relative strength of Sterling against the Euro also adding another tailwind for UK holidaymakers.





EU: ECB CUTS INFLATION AND GROWTH FORECASTS

Inflation is to remain persistently low for the next two years according to the European Central Bank. The statement made on Thursday by ECB president Mario Draghi pointed to a more modest recovery than expected, and a distinct possibility that the bank's quantitative easing programme would expand if necessary. Draghi's dovish comments came after the ECB kept its main lending rate on hold at 0.05 per cent. Inflation registered at only 0.2 per cent for August, still a long way from the ECB's long-term target of 2 per cent.

Despite the favourable conditions of a weak euro and low commodity prices, growth remains unspectacular for the eurozone region with GDP forecasts being lowered to 1.4 per cent for 2015, down from the initial estimate of 1.5 per cent. The news comes amid unemployment in the eurozone falling to its lowest level for three years, dipping to 10.9 per cent in July. Led by Italy, the encouraging fall in their jobless rate between June and July represents progress, albeit unemployment levels remain chronically high and could do so for a long time to come.

ASIA PACIFIC: IMF CHINA WARNING PALPABLE

In a week when the International Monetary Fund warned of a threat to global growth that the economic slowdown in China poses, several of its key trading partners appear to have vindicated this danger. Australia, which has enjoyed 24 years of unrelenting growth aided by the Chinese-led mining boom, posted a second quarter fall in annual GDP data to 2 per cent, down from 2.5 per cent in the previous quarter. To compound matters, the Australian dollar hit a six year low against the dollar on Wednesday, falling below 70 US cents.

Meanwhile, South Korean exports fell 14.7 per cent last month compared to the previous year the trade ministry said on Tuesday, to represent their largest decline in six years. The country relies heavily on exported goods which comprise around half of its gross domestic product and is also the world's largest exporter to China, so has suffered greatly from the recent devaluation of the renminbi, as the dollar value of its sales is reduced. It now looks increasingly likely that the central bank in South Korea will cut interest rates to offset the gloomy outlook.