QUIET WEEK FOR MARKETS

This week has been relatively calm following the mayhem of the previous few weeks, and indeed there has not been too much that caught our attention from an investment standpoint. The US Federal reserve caused a stir, despite doing nothing, as the sport of predicting rate rises has returned with gusto, something we are unlikely to experience over here for a while.

The Bank of England prompted the most speculation, as pundits and analysts mused over what tricks it might have up its sleeve to prop up the economy following some pretty dismal surveys of consumer and business confidence. These gloomy forward looking indicators are in contrast to the other headline grabbing news that the economy apparently grew a bit quicker than expected in the run up to the Brexit vote. These figures are likely to be revised down as at this point they are still majority guess work. That a shaky estimate of growth has dominated so many headlines is a pretty good indicator of a slow news week.

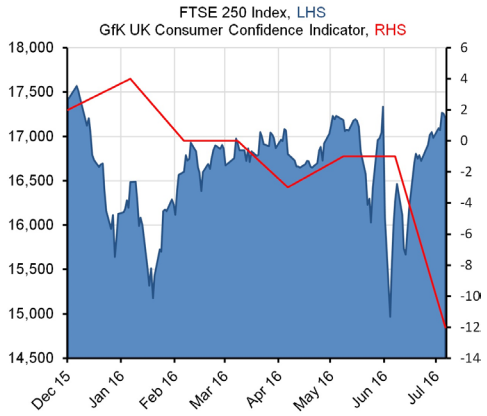
THE MARKETS THIS WEEK

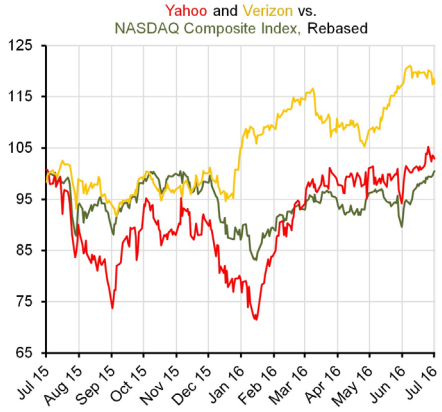
FTSE 100	S&P 500	Nikkei 225	Hang Seng	Dax 30	CAC 40	Ibex 35	Brent Crude	Natural Gas	Gold	Wheat
-0.14%	+0.07%	-0.90%	+0.96%	+1.26%	+0.90%	-1.40%	-7.25%	+3.56%	+1.01%	-3.53%

UK: CONSUMER CONFIDENCE SLIDES

The latest report issued by market researchers GfK this week revealed the reaction of households to the Brexit vote. The confidence index fell from -1 per cent in June to -12 per cent in July, which is the largest month-to-month drop in the index since March 1990. Manufacturers have registered a similar outlook for the economic prospects of the UK, as revealed by report from manufacturing group EEF. On average, sentiment in the manufacturing sector scored 6.37 out of 10 just before the referendum, and has declined to 5.24 at current readings. The south-east of England and London region suffered the greatest loss of confidence in the report.

However, the quarterly results published by major UK-based companies suggest that the picture is not so gloomy. While major UK bank Lloyds is bracing for cost cuts, others such as transport operator National Express and broadband and TV providers Sky and BT are registering resilient pre-tax profit rises. The news corresponds with the rebound in the FTSE 250 on Wednesday, the last major UK equity index to recover to pre-referendum levels.





TECH: INDUSTRY GIANTS ON HOLD

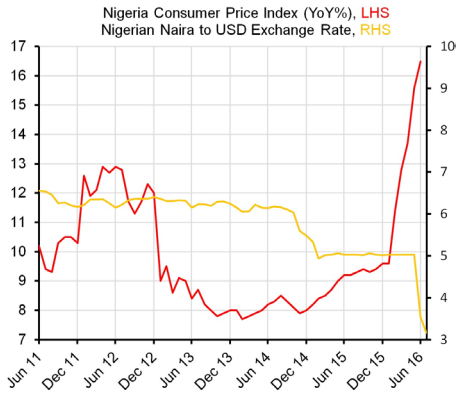
This week was dominated by news of the demise of Yahoo, the Internet giant soon to be acquired by Verizon. The company had lost ground to other Internet media groups which have benefitted from more rapid innovation over the past decade. Even more pessimistic news was revealed in the second quarter reports of Nintendo, another tech giant which is currently very popular with users. The company's sales fell 31 per cent in the three months to June, a reversal from the strong profits recorded for the same period in 2015. It comes despite the company's bold entrance into the mobile games market earlier this year with partial stake in the Pokémon Go game creators Niantic.

In other news, Apple stirred headlines by reporting consecutive quarters of shrinking sales, the first time this has occurred since 2002. The prospects for the tech giant are supposedly not favourable for next quarter either. Yet, it is interesting enough that Apple's slowing iPhone sales in the US and China has been compensated by impressive growth in sales in emerging markets such as India, Brazil and Russia.

EM: UNEVEN PROSPECTS FOR INVESTORS

Despite recent investors' optimism about emerging markets, the past months saw some EM economies struggle with sovereign defaults and the consequences of commodity prices troughs. Nigeria, Africa's largest economy, has been trying to tame rampant inflation of 16.5 per cent at present, with a series of interest rate hikes. Since the Nigerian naira had its dollar peg removed last month, its value has plunged to an all-time record low. The oil-dominated economy may have benefitted export-wise from a devaluation against the dollar, but rising consumer prices only add to the instability triggered by economic perils.

In the meantime, the IMF have confirmed that negotiations with the Egyptian government amount to a $12bn bailout package. The North African economy has been in perpetual freefall since the 2011 Arab Spring uprising. National reserves fell 18.1 per cent in the first half of 2016 alone, down to $17.5bn, which indicates a more than 50 per cent fall from pre-2011 levels of $36bn.



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