BORIS HAS A CHASTENING WEEK AS OPPOSTION DEFY NO DEAL BREXIT

We mentioned last week the potential of fireworks in Parliament and so it came to fruition - with all of them aimed at Prime Minister Boris Johnson. Boris has had a spectacularly bad week. Highlights include, MP's successfully backing legislation to stop a No Deal Brexit, a member of his own party switching sides mid speech and also politely being asked to leave the town of Morley. Not to mention the small matter of his brother Jo Johnson resigning from the Tory party and having to expel 21 rebel MP's.

Boris is now looking to drum up support for a general election, something which will require support from Labour, who are highly unlikely to back it until the bill delaying Brexit has been passed. As fascinating as the politics has been this week, we are only a few weeks away from the deadline and while the prime ministerial merry go round may be set to continue, at the very least the chances of the UK crashing out without a deal looks to be diminished.

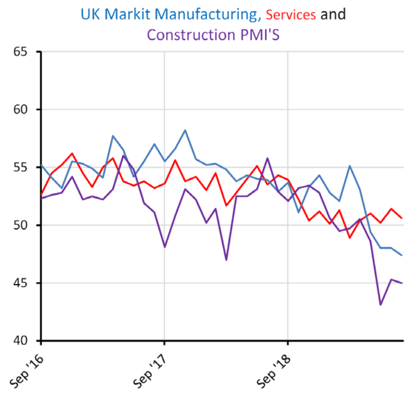
THE MARKETS THIS WEEK

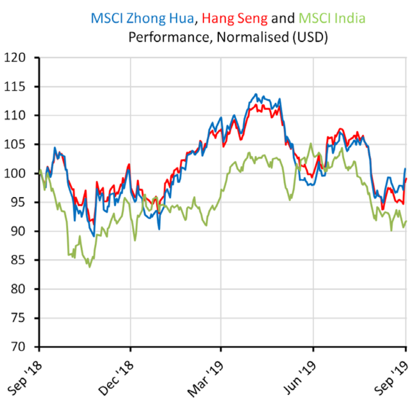
FTSE 100	S&P 500	Nikkei 225	Euro Stoxx 50	Hang Seng	US 10 Yr	UK 10 Yr	Brent Crude	Gold	Wheat	GBP USD
+1.02%	+3.05%	+2.39%	+1.90%	+3.76%	+0.10%	+0.09%	+4.00%	-1.48%	-1.75%	+1.24%

UK: ARE WE IN FOR A RECESSION?

While politics dominates the headlines this week, the UK economy looks to be teetering towards its first technical recession since the financial crisis in 2008. The Service Purchasing Managers' index fell from 51.4 in July to 50.6 August - barely growing or contracting. With both manufacturing and construction PMI's in the doldrums since May, the services sector has been effectively carrying the UK. IHS Markit who compile the PMI's predict that Q3 GDP data will show a consecutive contraction, this time down by 0.1 per cent.

Elsewhere, M&S dropped out of the FTSE 100 for the first time since the index was created in 1984. The retail chain has struggled to keep up with the changing fashion landscape, outpaced by the shift to online stores and undercut by the likes of Primark. Its food division was its one bright spot, but the company could only rely so much on meal deals bringing customers in. M&S will lose its blue-chip status later this month (23rd).





ASIA: HK MARKET REBOUNDS FOLLOWING CHINESE BILL REPEAL

The Hong Kong market rose 3.8 per cent this week following a repeal of the Chinese bill which would have allowed criminal suspects to be extradited to mainland China. The bill is evidence of tightening Chinese control over the region which currently operates under a One Country Two Systems model, essentially allowing the territory to maintain its own border and legal system.

However, the protests which began in March this year may not subside following the repeal. The withdrawal met one of the key demands, but as protests have escalated so have the demands of protestors. These include allowing the people to elect their own leaders alongside the release of all imprisoned demonstrators. Meanwhile, credit ratings agency Fitch Ratings downgraded the semi-autonomous state for the first time in 24 years from AA+ to AA with a negative outlook due to the consistent conflicts as well as the increase in the regions ties with China "which will present greater institutional and regulatory challenges over time".

COMMODITIES: WHAT IS SPURRING THE RECENT OIL RALLY?

Oil prices have been on a recent upward trend due to a combination of supply fears and improved economic data. US crude oil stockpiles have been falling in recent weeks. In addition, the nation will look to implement a new round of tough sanctions for Iran, a key member of the OPEC cartel further restricting Iran's ability to export oil.

China's service sector activity picked up last month. The Service Purchasing Managers' index rose to 52.1 for the month of August (51.6 in July) indicating an improving economy. However, US-Sino trade tensions continue to be a drag to both Chinese and US growth, two of the biggest consumers of oil. And as long as tensions continue to linger demand for oil could well remain constrained. But at the very least it does look like trade talks are back on the table. Discussions are set to resume in Washington in October.