

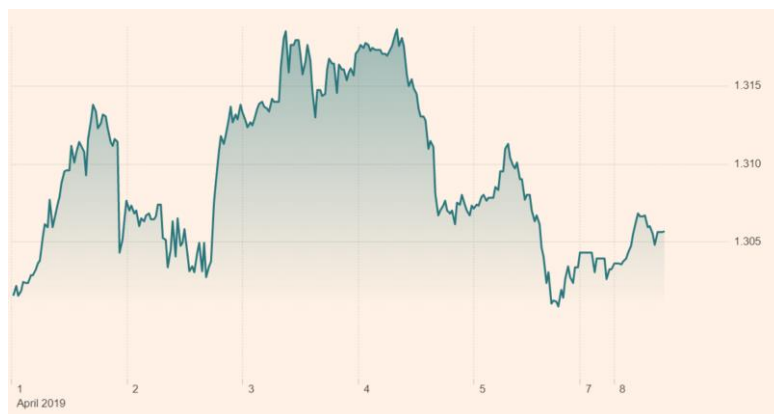
MARKET UPDATE: MAY REACHES OUT TO CORBYN AND REQUESTS ARTICLE 50 DELAY

8 April 2019

LAST WEEK – KEY TAKEAWAYS

Brexit: Cross-party talks start as UK requests further extension to Article 50

- Another round of indicative votes held on Monday failed to secure a majority for any of the alternatives to the Prime Minister's withdrawal deal, although a proposal for a customs union lost by only three votes;
- Following a lengthy cabinet meeting on Tuesday, Mrs May announced she would work with the Labour party to find a resolution that parliament could back;
- On Wednesday evening, MPs voted in favour of a motion which would give them a say in the length of future delays to Article 50;
- Mrs May requested an extension to Article 50 until 30 June on Friday, which the EU will debate at an emergency summit this week.
- **Omnis view: Sterling was volatile against the US dollar as events unfolded. If talks between the Conservatives and Labour collapse, the Prime Minister pledged to honour the result of further parliamentary votes on her deal and alternative proposals.**



Performance of sterling vs US dollar for the week commencing 1 April 2019 (source: ft.com)

Markets: Economic data boosts equities

- There was good news for global equities as US and Chinese productivity data beat forecasts in March and European retail sales exceeded expectations in February;
- US equities rallied on Friday as the country's labour market rebounded strongly in March after a drop in February and wages continued to grow at a healthy rate.
- **Omnis view: These are encouraging signs for global growth following concerns about the economic outlook when yields on short-term US government bonds rose above their long-term equivalents at the end of March.**

Trade: US and China edge closer to resolution

- Media reports suggested the US and China have resolved a majority of the issues blocking a trade deal as the latest round of talks took place between senior officials, although they still have to agree on ways to implement and enforce it.

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- Omnis view: Following a meeting with China's Vice Premier Liu He, US President Donald Trump claimed the two sides could reach an agreement in four weeks, but he refused to set a date for a summit with his Chinese counterpart Xi Jinping.

LOOKING AHEAD - TALKING POINTS

Economic data

- Wednesday- UK economic growth for February; US inflation rate for March
- Thursday- Chinese inflation rate for March;
- Friday- Chinese imports, exports and balance of trade for March.

Monetary policy

- Wednesday- European Central Bank interest rate decision.

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