

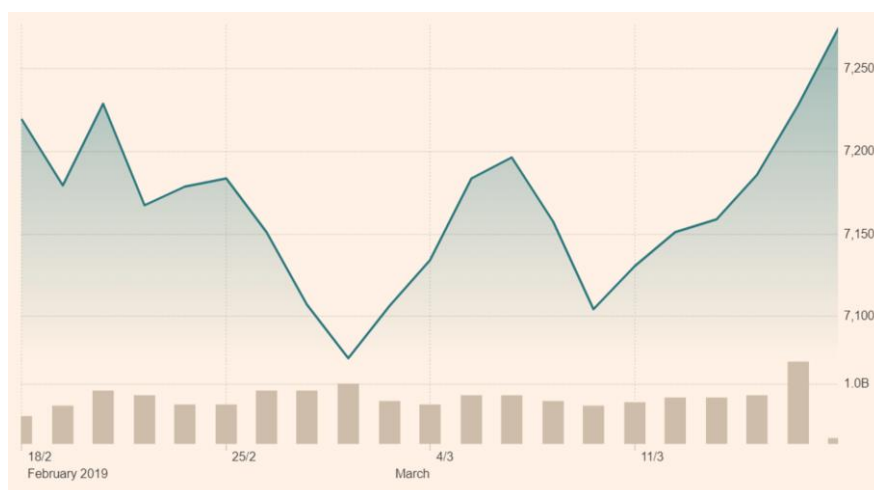
MARKET UPDATE: MPS VOTE TO EXTEND ARTICLE 50

18 March 2019

LAST WEEK – KEY TAKEAWAYS

Brexit: UK to request Article 50 extension

- Parliament rejected the Prime Minister’s revised Brexit withdrawal deal on Tuesday, as the limited concessions she secured from the EU meant Attorney General Geoffrey Cox could not confirm the Irish backstop would be temporary;
- On Wednesday, parliament voted to rule out a ‘no deal’ Brexit;
- MPs then overwhelmingly backed a motion to extend Article 50 on Thursday- either a short extension until 30 June should they support her withdrawal deal or a longer one if they reject it again.
- **Omnis view: Sterling was predictably volatile against the US dollar as the votes took place, while UK equities rallied once a ‘no deal’ Brexit appeared less likely. Mrs May might try to secure parliamentary support for her withdrawal deal for a third time this week before EU leaders meet on Thursday to discuss the UK’s request for an extension.**



FTSE 100 (source: ft.com)

US: Slowing inflation boosts equities

- US equities rallied as data released by the US Department of Labor showed that inflation rose at its slowest pace in February since September 2016.
- **Omnis view: The markets welcomed slowing inflation because it reinforced the Federal Reserve’s patient approach to raising interest rates.**

Trade: US and China make headway

- US equities received a further boost following reports in the Chinese media that the latest round of trade talks with US officials went well.
- **Omnis view: The two sides appear to be making progress, although reports earlier in the week suggested a summit which would allow US President Donald Trump and his Chinese counterpart Xi Jinping to confirm a deal could be delayed until April.**

¹ <https://www.bls.gov/news.release/cpi.nr0.htm>

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LOOKING AHEAD - TALKING POINTS

Economic data and monetary policy

- Monday- EU Balance of trade data for January;
- Tuesday- UK unemployment rate for January;
- Wednesday- UK inflation rate for February; Federal Reserve interest rate decision;
- Thursday- Bank of England interest rate decision; Japanese inflation rate for February.

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