

Market News

Politics

Following Theresa May's resignation, on 24th July 2019 Boris Johnson was appointed as Prime Minister after he won the conservative leadership election against his rival Jeremy Hunt by 92,153 votes to 46,656.

A law designed to stop a no-deal Brexit on 31st October has been passed. If a deal is not agreed by 19 October, and MPs don't vote in favour of leaving with no deal, then the prime minister will be legally obliged to ask the EU for a Brexit delay.

However, Boris Johnson is trying to negotiate a new deal with the EU, if this is successful then there will be no need for an extension. Although as we stand, the arrangement is that the UK will leave the EU on 31st October 2019.

The FTSE 100 reached its highest point this year closing at 7686 late July, before dropping 5.4% during the first week of August due to Brexit uncertainty and ineffective trade talks. Nonetheless, due to China and US being willing to resume trade talk negotiations the FTSE steadily recovered.

The collapse of Thomas Cook meant a slightly lower close for the FTSE on the 23rd September. However, since then it has been recovering as it hit 7,420, up 70 points from the previous day towards the end of September, its highest level since late July.

Around the World

Inflation in the UK dipped to 1.7% in August after the increase in July, taking inflation down to the lowest level since December 2016. The fall should benefit households, pushing wage growth further above the rate of inflation.

Elsewhere, Italy has proposed that Fabio Panetta, a veteran central banker, be appointed to the European Central Bank's executive board to replace Benoît Cœuré when he steps down at the end of this year.

The European Central Bank have cut rates to a record low of minus 0.5%, the biggest cut in three years. The decision by the ECB initially lowered the Euro, for a short amount of time. Within hours, the currency was sitting 0.3 per cent higher on the day against the dollar, at \$1.104.

The US Federal reserve also cut rates for only the second time since 2008. Cutting rates will help fuel economic activity, by making it cheaper to borrow money for both businesses and consumers.

Markets were knocked by Donald Trump's decision to increase tariffs on Chinese goods shipped to the US however, the President's subsequent comments that the US would resume talks with China appear to have eased investors' worries taking the Dow Jones 143 point up on 27th September.

Income Yields

The annual gross yields for ISAs and OEICs are listed below;

Risk	Yield
Cautious	5.32%
Moderate	5.12%
Adventurous	4.89%
High Yield	6.32%

Recommendations

There are no fund switch recommendations for our Income portfolios this quarter.