

### **Domestic news**

The Spring Statement by Chancellor Philip Hammond showed an economy with slightly better public finances than recently forecast and unemployment close to a four decade low. The news on inflation was also marginally better than expected, mitigating to some extent the current squeeze on real wages. However, pressure on the High Street continued to claim more victims. This month Maplin and Toys"R"Us were high profile collapses. Even the John Lewis Partnership saw a sharp fall in profits. Whilst focussing on the positives Mr Hammond wisely steered clear of a comparison with other OECD economies which are performing significantly better than the UK.

### **Markets**

US interest rates were increased again this month, part of a gradual move to rein in inflation as the economic expansion continues. This rise was broadly expected and there are more on the horizon both this year and next. The market is forecasting two more small rises taking the total for the year to three although some commentators are now expecting four. Any sharp moves would be ill received. The initial reaction to the press conference of Jay Powell, new Chair of the US Federal Reserve, was positive with his communication style getting the thumbs up from commentators.

### **Products**

A group of industry experts and MPs has recommended simplification of the ISA offering this month, condemning the "muddled landscape "created by the introduction of Lifetime Isa and Innovative Finance ISA in the last two years. The Association of Account Technicians has recommended scrapping the £20,000 annual allowance for a single lifetime contribution allowance of £1m. This equates to the current allowance over 50 years.

A peculiar advertisement campaign featuring the head of Arnold Schwarzenegger on top of a motorised toy has taken the amount of refunds for PPI mis selling to nearly £30bn. The ad was launched to highlight the deadline for claims in August 2019 and is responsible in a pick-up in claims according to the FCA.

The Work and Pensions Committee has called on the FCA to ban advisers receiving a fee only if a transfer out of the scheme take place. Quite rightly it has highlighted the obvious conflict of interest which we have noted in this publication before.

### **Brexit and Rexit**

The UK and EU have made progress on the agreement for a transition period to smooth the withdrawal of the UK from Europe. This period will last from 29<sup>th</sup> March 2019 (dubbed Brexit Day) to December 2020. During this phase, rights of EU citizens arriving in the UK and of UK expats in Europe will be the same as those who arrived before Brexit. One crucial sticking point, that of the ability of the UK to negotiate new trade deals during this period, has been resolved. However, considerable differences over the Northern Ireland border remain unresolved and the document states that the European Court of Justice will have jurisdiction to the consternation of some Brexiteers.

Meanwhile, the revolving doors of the White House continue to turn. The Secretary of State, Rex Tillerson, found out that he was out of a job in the same manner as James Comey the Former FBI president – by watching the news on TV.

### **Xi Jinping 3, Putin 4**

Not a forecast of a superpower sporting match but the number of terms served by the Chinese and Russian leaders so far. President Putin has been re-elected with little opposition and a surprisingly high turnout for his fourth term in office. But Xi Jinping has been reappointed with no limit on the number of terms he can serve, which makes his score the more powerful. Still on Russia, the attack on a former Russian spy in Salisbury this month has taken Anglo- Russian relations to their lowest point since the end of the cold war with the mass expulsion of diplomats and an increasingly shrill war of words.

### **RPI – changes to the basket of goods**

When was the last time you used a camcorder? A straw poll in the office revealed about 15 years ago so you may be surprised to learn that they have only just been removed from the list of items which are used to measure the RPI, an index which measures changes in the cost of living in the UK. Out of a total of 714 items, 36 were altered this month. Along with camcorders, pork pies and Edam have also been removed. In their place are leggings, digital recorders and chilled mash potato. For those who can remember old style instant mashed potato, Smash was dropped from the basket almost exactly 30 years ago.

FTSE 100 >7,975.38 | DOW >23,940.68 | HANG SENG >29,177.35 | GOLD > \$1292.80 | £1= \$1.35 | £1 = €1.14

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