

MARKET UPDATE: STERLING FALLS AS PARLIAMENT SUSPENDED

2nd September 2019

LAST WEEK – KEY TAKEAWAYS

UK: Boris suspends Parliament

- Sterling fell against the US dollar as the Prime Minister Boris Johnson announced Parliament would be suspended for five weeks from the 10th September until 14th October;
- Known as proroguing, this type of suspension is common after a new government is formed, but the timing and the length is controversial on this occasion;
- Boris claimed he needs the time to set out his domestic agenda, while MPs who oppose a ‘no deal’ Brexit worry he is circumventing Parliament to ensure the UK leaves the EU on 31st October.
- **Omnis view: The suspension of Parliament means MPs have a shorter window and fewer options to prevent what they fear could be a ‘no deal’ Brexit, although it may also put pressure on the EU to make concessions that would secure support for the existing withdrawal deal.**

Trade: Tensions ease between US and China

- US shares rose on Monday after US President Donald Trump claimed China wanted to restart talks and agree a trade deal to bring an end to tensions between the two countries;
- Meanwhile, Chinese vice-premier Liu He said his government opposes any escalation of trade tensions.
- **Omnis view: The markets welcomed the softening of rhetoric by both sides, but President Trump’s confrontational style of negotiation and his unpredictability suggest a resolution may still be some way off.**

LOOKING AHEAD - TALKING POINTS

Economic data

- Wednesday- US imports, exports and balance of trade in July;
- Friday- US non-farm payrolls (job creation) and wage growth in August;
- Sunday- Chinese imports, exports and balance of trade in August;

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