MODI VISIT UNLOCKS MORE BILATERAL TRADE DEALS FOR UK

Just when Prime Minister David Cameron had said goodbye to one world leader, another, India's Narendra Modi is visiting the UK this week. The lavish reception offered first to China's President Xi Jinping and now to Prime Minister Modi has somewhat divided the opinion of the British public; however no one can ignore the economic benefits which are likely to ensue. More than £9bn of business deals were signed on Thursday to the tune of angry human rights protesters outside of Downing Street.

Mr Modi even found the time to back Britain's EU membership by stating that the UK is India's "entry point" into the bloc. As the Brexit saga continues to rumble on, Mr Cameron set out his list of reforms this week much to the dismay of Tory Eurosceptics who felt they did not go far enough. The most contentious issue of restricting EU migrants' access to tax credits and other in-work benefits has stirred much private and public debate, however President of the EU Council Donald Tusk reiterated that such demands would be "very difficult" to agree to.

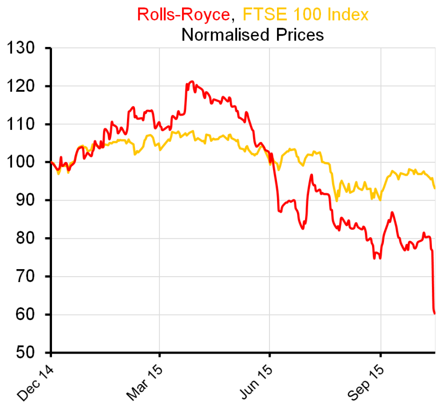
THE MARKETS THIS WEEK

FTSE 100	S&P 500	Nikkei 225	Hang Seng	Dax 30	CAC 40	Ibex 35	Brent Crude	Natural Gas	Gold	Wheat
-3.70%	-2.57%	+1.72%	-2.06%	-2.85%	-3.79%	-3.90%	-7.38%	-3.87%	-2.14%	-4.83%

UK: ROLLS-ROYCE SHARES DOWN AFTER PROFIT WARNING

British aerospace group Rolls Royce saw its shares sink almost 20 per cent on Thursday following a fifth profit warning in just 20 months. It means that the share price has nearly halved since April. In addition to "headwinds of £650m" likely next year, the uncertainty over future dividend payments has shocked investors, especially since Rolls Royce is considered as one of the stalwarts of British engineering. The most pressing problem for the company is the slowing demand which is being seen across the sector, whilst the transition to a major cost-cutting programme in a bid to build more efficient aircraft is a by-product of this.

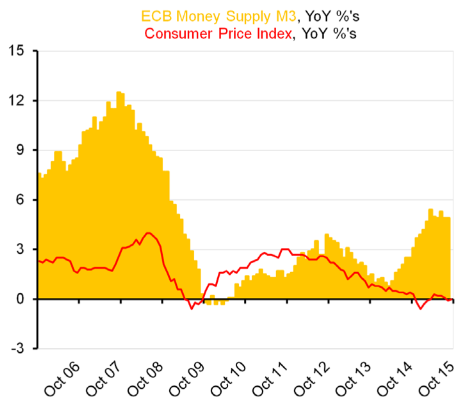
Elsewhere, chancellor George Osborne has proposed an ambitious plan to ease Britain's housing shortage. By privatising the government's stake in housing associations, the amount of public debt could be cut by £100bn it is estimated. Net assets of housing associations stood at £133bn in 2014 of which £44bn was funded by taxpayer grants, so by selling off these grants, the privatisation could constitute one of the largest sales ever undertaken by the Treasury.



EU: EUROZONE GROWTH SLOWS IN THIRD QUARTER

News that economic growth in the Eurozone slowed in the three months to September caused stock markets to tumble on Friday. The slowdown in Germany was the most concerning aspect of the data, with GDP growing at just 0.3 per cent in the third quarter. France's economy grew by the same figure, however this was far more encouraging than the previous period's zero growth. The key problem facing the Eurozone at the moment is its chronically high level of unemployment. If growth continues at such a modest rate then the slack in the economy will not be used up quickly enough, giving companies little incentive to raise their prices.

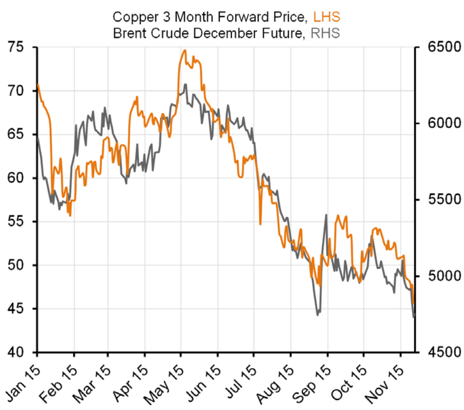
The latest raft of data will likely increase the possibility of the European Central Bank expanding its existing monetary stimulus programme next month, following comments made earlier this week by ECB president Mario Draghi. He suggested that lower oil prices and the lagging effect of a stronger euro earlier this year are still present in the inflation calculation, which means that the ECB's hand may be forced again to achieve the bloc's inflation target of 2 per cent.



COMMODITIES: COPPER AT A SIX YEAR LOW

The underlying weakness in the global economy was highlighted by copper tanking to a new six-year low. The metal fell below $5,000 a tonne on Thursday, with analysts not expecting the sustained low in commodity prices to abate anytime soon. Declining exports from China are primarily behind copper's slump in recent months, hardly surprising when the country consumes roughly 45 per cent of the metal's global supply. The Bloomberg Commodity Index covering 22 commodity futures is also at its lowest level since the financial crisis.

Meanwhile, oil is faring no different as it fell to under $45 a barrel earlier this week, although much of this price weakness can be attributed to the existing stance taken by Saudi Arabia and the Opec Gulf states. The Saudis believe that by continuing to maintain output in the face of weak demand, a killer blow against the US shale industry can be landed. With the ongoing military campaign in Yemen continuing to put further strain on economic resources, the rising Saudi budgetary deficit will need to be supported by a rise in oil sometime soon you would think.



Data Sourced from FE Analytics, and Bloomberg Finance LP