NEW RUNWAY DECISION DELAYED AGAIN

This week has been reasonably quiet in terms of news flow, with the focus firmly on the US Federal Reserve and if rates are hiked finally next week. The most controversial news of this week has been the decision to delay the decision on expanding Heathrow, which has been put off until next summer, when it will inevitably be put off again. We're now in the absurd position where the current decision on where to build a runway will take longer than actually building a runway. The headlines have also taken in the Paris climate summit; while an agreement of some sort is apparently likely, it doesn't appear to have captured the imagination of markets which have largely ignored it.

Markets have been unsettled, with most major indices ending this week lower. Natural resources and oil bore the brunt of the losses, with crude and iron ore hitting multi year lows this week, further hurting the beleaguered mining companies and oil majors. Oddly, despite the climate being unfavourable, gold has failed to rally – questioning its status as the ultimate safe haven.

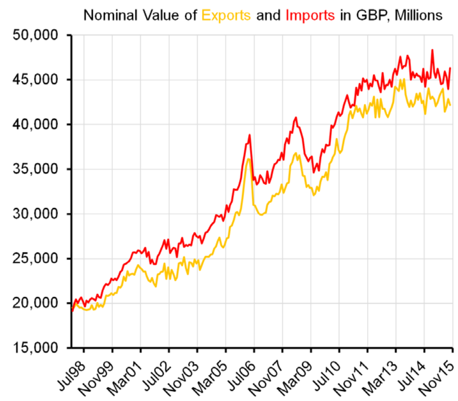
THE MARKETS THIS WEEK

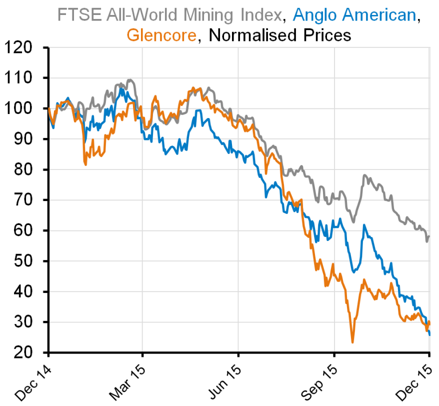
FTSE 100	S&P 500	Nikkei 225	Hang Seng	Dax 30	CAC 40	Ibex 35	Brent Crude	Natural Gas	Gold	Wheat
-2.79%	+0.13%	-1.40%	-3.47%	-2.01%	-2.18%	-2.92%	-8.28%	-9.70%	-1.77%	+3.93%

UK: TRADE DEFICIT A CAUSE FOR CONCERN

The UK's trade deficit widened in October by more than was previously expected, highlighting the imbalanced nature of the domestic economy. A total of £4.1bn more imports than exports traded hands in October, data released by the Office for National Statistics shows. Exports are being harmed by subdued global demand, whilst the strength of sterling means that goods are more expensive for foreign buyers. Many economists allude to an uneven recovery which is only being supported by the strength of the services industry, which recorded a £7.7bn surplus in October. Regardless, the UK has not run a trade surplus since 1997.

Elsewhere, David Cameron has been dealt a major blow on concessions aiming to curb migrant benefits here in the UK. Following a trip to meet Polish prime minister Beata Szydlo in Warsaw this week, no agreement could be struck, heightening the odds that Britain will exit the EU. For the first time last month, the number of people in favour of leaving the EU was recorded as a majority, in a poll conducted by ORB.





COMMODITIES: MINING GIANTS IN DISARRAY

The slump in commodity prices is being felt more severely than ever, as evidenced by some of the leading names in the industry this week. Mining giant Anglo American announced on Tuesday that it has plans to shed approximately two-thirds of its workforce, while also suspending the company's dividend immediately. Shares in Anglo American plunged 12 per cent following the statement, and have lost over 70 per cent of their value in the year to date.

Meanwhile, rival Glencore had a rather more positive week following additional plans to restructure the firm. Its share price rose 5.7 per cent on Thursday after the company revealed to investors that the debt reduction target is being increased from $10.2bn to $13bn. The sector appears to be on its knees with iron ore at a ten-year low, largely attributable to the slowdown in China which means that demand is declining from a point where consumption was almost unrelenting. The FTSE All-World Mining index is down 43 per cent on a year to date basis and reflects the downtrodden sentiment within the industry.

JAPAN: AVOIDS A TECHNICAL RECESSION

Quite bizarrely, investors learned that third quarter growth in Japan was revised upwards to an annualised rate of 1 per cent, following the first estimate which stated a 0.8 decline in GDP growth, and enabling the country to avoid a technical recession. In hindsight, it makes the Bank of Japan's autumn decision against easing monetary policy appear to be the right one. However calls by the government for companies to increase wages, which should in theory lead to an increase in demand, appear to be falling on deaf ears for now.

Meanwhile, prime minister Shinzo Abe starts a three-day visit to India today to meet counterpart Narendra Modi, in the hope that deals on military equipment and the first ever Indian high-speed rail link can be sealed. The two leaders are known to be close friends and the visit is seen by many as a means of counterbalancing the growing influence of China in the region. Since the beginning of the century, Japan has been responsible for seven per cent of foreign investment into the world's largest democracy.