MARKETS REMAIN RESILIENT TO BRUSSELS ATTACKS

Brussels came to a standstill on Tuesday as terrorists struck at the heart of the Belgian capital's transport network. In the immediate aftermath of the attacks, markets fell sharply before rallying strongly. In a similar vein to the atrocities committed in Paris last November, investors once again expressed an overriding belief that developed economies have the ability to continue as normal despite the alarming ease at which the attackers were able to cause mayhem.

With less than three months to go now until the EU referendum, a number of think tanks have come out in support of Britain remaining in the trading bloc. A study by Oxford Economics forecasted a worst case scenario whereby the UK economy will be 3.9 per cent smaller by 2030, if the decision to leave is realised on 23 June. However unlikely the scenario, it was perhaps refreshing to see some well-thought out numbers being presented as a case for either remaining or leaving. If anything, it appears that the decision to be made will ultimately be decided by emotion rather than fact.

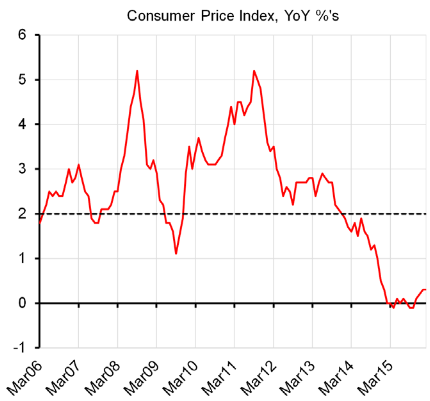
THE MARKETS THIS WEEK

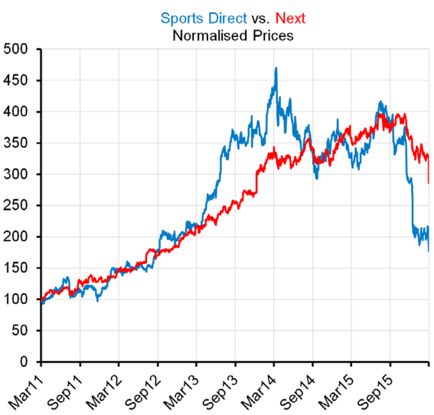
FTSE 100	S&P 500	Nikkei 225	Hang Seng	Dax 30	CAC 40	Ibex 35	Brent Crude	Natural Gas	Gold	Wheat
-0.03%	+1.11%	+0.16%	+0.54%	+1.32%	-0.43%	-0.58%	-1.90%	+1.07%	-2.78%	+0.11%

UK: INFLATION REMAINS AT 0.3%

The Consumer Prices Index, the measure for UK inflation, was unchanged at 0.3 per cent in the twelve months to February according to the Office for National Statistics. Falling transport costs were offset by rising food prices, particularly vegetables. In 2015 the average inflation rate was zero, so any uptick in CPI towards the Bank of England's 2 per cent target is encouraging, a level not seen in two years. However this will not happen any time soon says the Bank, who are expecting inflation to remain below 1 per cent this year.

Elsewhere, the Society of Motor Manufacturers and Traders painted a robust picture of the motoring industry for last month. In February, about 17,000 more cars were built in the UK than in the same month last year, representing a 13 per cent increase. Both domestic and overseas demand continues to strengthen despite the wider economic frailties which could undermine growth in the sector. A total of 1.6m cars were constructed in UK factories last year, a 3.9 per cent increase on 2014.





RETAIL: CLOTHING RETAILERS ENDURE DIFFICULT WEEK

Shares in Sports Direct plunged by more than 10 per cent on Tuesday after comments made by founder Mike Ashley spooked investors. Suggestions by Mr Ashley that trading has further deteriorated, two months after the UK's leading sportswear retailer issued a profit warning, appears to have scored the company an own goal. The announcement to journalists proved to be controversial in the sense that it may have contravened stock exchange rules relating to disclosure of information, although regulators later forced the company to issue a "clarification" that the comments did not.

It has also been a torrid week for UK fashion retailer Next. The group's shares fell by 10 per cent in early trading on Thursday following an outlook for 2016-17 which anticipates a challenging year ahead for its business. Next expects a cyclical move away from spending on clothing to areas that suffered during the financial crisis, such as restaurants, travel and recreation, where third quarter sales figures outperformed.

OIL: NO END IN SIGHT TO THE COMMODITY ROUT

Oil futures retreated from their latest venture above $41 a barrel on Wednesday after stockpiles in the US rose for a sixth consecutive week last week. Highlighting the chasm between barrel builds and analyst expectations, the US Energy Department recorded a 9.4m jump in barrels compared to a forecasted increase of only 2.5m. Although the consensus points towards a continuation of the commodity rout as the supply glut tightens its grip, Bank of America Merrill Lynch is preaching to investors to prepare for a "W-shaped recovery in oil".

A report issued by the International Monetary Fund this week detailed their bemusement over the playing out of events since June 2014, when oil began its rapid decline. Prices have fallen by about 65 per cent in US dollar terms to date, however they have not acted as a net plus for the world economy, with growth slowing in many developed economies. Quite noticeably, oil and equity markets have become more correlated over the past six months, as central bankers struggle to lift inflation expectations while being unable to cut interest rates further.