

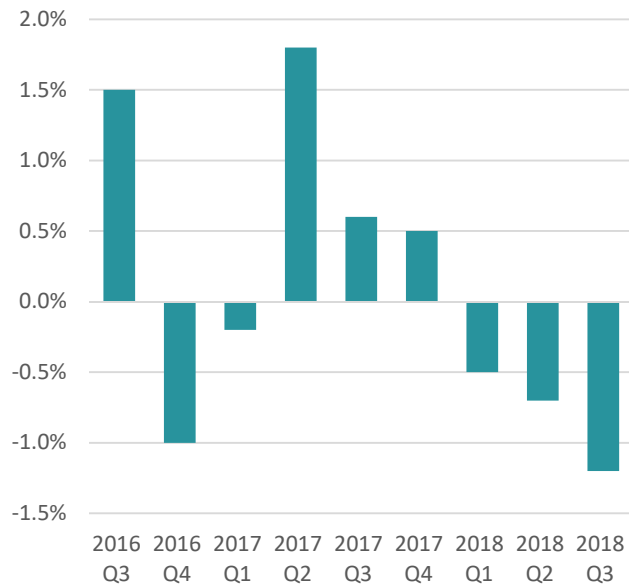
ECONOMIC SIGNPOSTS

November 2018: The three key charts of the month

This note should be read in conjunction with: UK Key Indicators | UK Capital View | Monday Note | Proponomics

1 Business investment – Brexit jitters

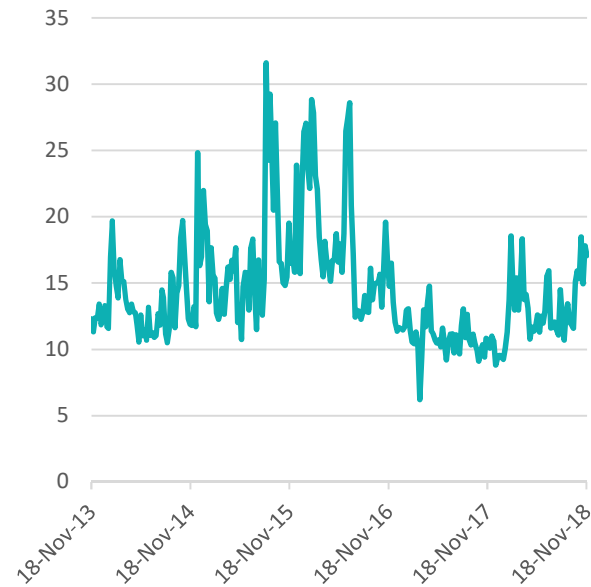
ONS: UK business investment growth, quarter-on-quarter



- UK business investment has moved into decline in recent quarters.
- This reflects the Brexit uncertainty, with firms reluctant to spend until there is clarity.
- This could mean there is significant pent-up investment poised to deploy if Parliament approves the EU Withdrawal Agreement.

2 Stock market – hedging bets

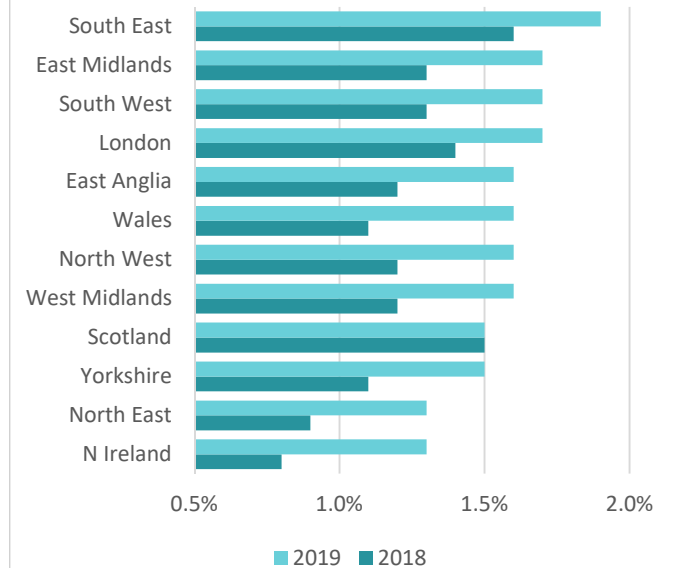
Reuters: FTSE 100 volatility index, last five years



- The price of hedging FTSE 100 positions remained elevated in November.
- While FTSE hedges are more expensive now than a year ago, they are still priced lower than in 2015/2016.
- Continued uncertainty for other asset classes could draw money to real estate in 2019.

3 UK growth in 2019 – local heroes

PwC: Forecast for 2019 economic growth by UK region



- Regional forecasts for 2019 suggest economic growth will be higher in almost every part of the UK.
- PwC see the North East and Northern Ireland accelerating markedly compared to 2018.
- Wales is also forecast to surge in 2019 relative to its 2018 performance.