

## Business Bulletin

After a summer that turned a lot of expected orthodoxies on their heads, the Business Team highlights the biggest developments in our new weekly column

By [Felix Forbes](#), Politics Editor (2015/16)

Tuesday 29 September 2015

### Domestic

On the home front, Labour Leader Jeremy Corbyn's choice of John McDonnell MP as Labour Shadow Chancellor has caused controversy, with the top two posts in the UK's second largest party now held by avowed socialists.

The new Budget removed student grants for less well-off applicants, replacing them with repayable loans. Following on from the drop in university applications after the introduction of higher tuition fees, this may cause a further plunge.

An explicit warning on buy-to-let has been given by the Bank of England, stating that the fragility of the market, combined with a potential wave of sales, could lead to a house price downturn (good news for us then!)

The new Trade Union bill, ostensibly aimed at providing a fairer backing for strikes, seems likely to split Parliament down partisan lines (see our piece for further details).

The SNP have recently been making noises about a second referendum. The colossal drop in oil prices, from highs of \$112 and \$105 last year to less than \$50 now (on which the earlier secession proposals were based) does not seem to have damaged them at the polls, however.

### Abroad

China's stock market meltdown over the summer terrified everyone who had expected the juggernaut to keep on going (just as investor numbers began to outnumber Communist Party members), and while it insists that minimum growth targets were reached, observers aren't so sure.

Stock markets worldwide tumbled, and the Chinese Communist Party arrested several journalists, blaming them for causing panic. George Osborne has been touring China, and has proposed a link between the Shanghai and London Stock exchanges, undeterred by the recent volatility.

The Volkswagen scandal over falsified emissions tests looks set to spread from the US to Europe, as share prices in the company drop by 35%. Volkswagen looks to discover what it is to cross US regulatory bodies without sufficient connections on the Hill (as BP found out). A criminal investigation has been launched by the US Justice Department, and class action lawsuits seem likely to add to their woes. A media report that BMW had potentially done the same saw shares drop 9.7% in late morning trading on Thursday.

The much-heralded rise of the BRICS countries (Brazil, Russia, India, China and South Africa) is one of many predictions that has fallen rather flat. Brazil's economy has suffered colossal damage due to revelations of near-unbelievable corruption at state oil giant Petrobras. China's stock market crash has

provided an exemplary lesson that the free market cannot be corralled as easily as the Internet.

India remains mired in official bureaucracy; Russia's undiversified economy has rendered it ultra-vulnerable to fluctuations in oil prices and South Africa is crippled by corruption and political turmoil.

While Greece has moved away from exiting the EU, repeated uncertainty over a bailout and an electoral rejection of previous terms caused colossal economic damage to the Greek stock market.



## One comment

Charaf

13 Oct '15 at 1:38 pm

Great goods from you, man. I've understand your stuff pruevois to and you're just extremely great. I really like what you have acquired here, really like what you are saying and the way in which you say it. You make it entertaining and you still care for to keep it wise. I can not wait to read much more from you. This is really a terrific informations.

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