

Weekly Business Bulletin: 15th November

By [Elliott Banks](#), News Editor (2016/17)

Sunday 15 November 2015



Queue outside a Northern Rock branch in 2007. Image: Dominic Alves

Domestic

Indian Prime Minister Narendra Modi arrived in Britain this week for a three day state visit. The Indian Prime minister was treated to the usual pomp and circumstance of a state visit, in which he announced £9 billion pounds in trade deals. Although this is smaller than the Chinese state visit investment package, for many commentators this is sign of India's economic progress. Mr Modi also toured the Jaguar Land Rover plant which is owned by the Indian Tata family.

Northern Rock, the symbol of the British banking crisis in which the government had to nationalise the struggling lender has sold the mortgage loan book for £13 billion. The deal with a US investment firm Cerberus means that the government will have sold off 85% of the Newcastle based bank. The majority of Northern Rock was sold to Sir Richard Branson's Virgin Money in 2012 to create a new force in banking.

The largest shareholders in British Telecom (BT) have come out to say that any moves to break up the telecommunications giant would have a ruinous effect on the value of BT. Ofcom is currently doing a once-a-decade review into the market, and if BT is found to be too powerful then the regulator could force BT to sell some of its assets. Although most analysts believe this to be unlikely, the fear has prompted large scale shareholders to discuss the issue openly with the *Sunday Telegraph*.

The UK construction sector has declined for the third month in a row. Overall output is down by 0.2% according to the Office for National Statistics with a fall in new jobs equating to a 2.4% fall. This is bad news for the Chancellor who is counting on private sector construction firms to build more homes to meet the housing crisis.

International

The global oil glut is continuing with the stockpiles currently standing at a record 3 billion barrels of crude oil. The International Energy Agency has predicted that prices are likely to be depressed well into the New Year as the over-supply crisis continues. The agency has said that the oil market is 'primed for correction' given the massive stockpiles accrued since OPEC refused to cut oil supplies to correct the market price. Oil is currently trading at approximately \$50 a barrel.

Global stock markets are under pressure due to the economic slowdown in the Far East. Hong Kong's Hang Seng index declined 2.2% sending global stock indices down with both Paris and Frankfurt down around 1%. Weak economic figures from the Eurozone, poor performance by large corporations and the U.S Federal Reserves decision to raise interest rates has put pressure on the stock market. The FTSE 100 (London) also shed 1% on Friday, it's weakest trading day in six weeks.

The Californian based technology giant Apple is said to be in talks with major banks about creating a peer-to-peer bank transfer app. Although, Apple Pay was launched in the U.S last year, the company wants to create a transfer element to the app rather than just a payment method. Market analysts have predicted this is to compete directly with Paypal and as such Paypal's shares were down 2% on the news of Apple's transfer market ambitions.



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