Agenda

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{ CORPORATE FINANCE }

UK TECH SECTOR LEADS ON EUROPEAN DIGITAL INVESTMENT

UK-based technology firms raised £6.8bn in venture capital and private equity funding last year, more than 50% more than any other European country, according to business accelerator Tech City UK.

According to a study from the accelerator 'Tech Nation 2017', the UK has seen robust capital investment amounting to £28bn over the past five years in the digital technology sector.

London attracted greater amounts of technology investment over that period than Amsterdam, Berlin and Paris combined. France's technology sector attracted the next largest amount over the past year, according to the report. However, at £2.4bn, the investment amounted to considerably less than the UK's total for the year.

Tech City UK said the UK's success in securing funding has been achieved against a backdrop of falling investment. Investment in digital technology for 2016 was 34% down on 2015, said the report's authors, who argued that the dip is part of a global correction and may also reflect increasing caution among investors.

The report put the combined turnover of UK digital technology companies at £170bn for 2016, with a growth rate of 22% over five years.

Over the same period, the number of UK digital technology companies grew by 28%, providing 1.64 million jobs.

{ CONTEXT OF TREASURY }

Global indicators point to across-the-board recovery

With a collection of positive growth indicators for the last quarter of 2016 becoming available combined with improved figures in confidence barometers for early 2017, economists and commentators are cautiously heralding a recovery in both mature and emerging markets.

In Asia, for instance, export activity in Singapore, widely taken as a barometer of global demand, has reached a two-year high, while South Korea's export growth for February rose 20%. Manufacturers in Taiwan have reported month-on-month growth for a 12-month period.

Fears around overcapacity and currency devaluation in China have receded, and in Japan, figures for capital expenditure for the last quarter of 2016 saw growth at its fastest rate for three years. Brazil and Russia are also likely to add to the growth picture in 2017, according to commentators.

In Europe, Germany's Ifo Institute in Berlin published increases on its business climate index, with German business sentiment at its highest levels for three years. In the UK, manufacturing companies reported increasing optimism also.

In the US, growth in rail freight volumes suggest growing demand, as do measures such as JPMorgan Chase's index of capital goods shipments, which shows worldwide equipment spending growing at an annualised rate of 5.25% for the last quarter of 2016.

While across-the-board growth is welcome news, the pace of recovery is still slower than pre-financial-crisis levels. "Global growth is running around 80% of its pre-crisis levels," said Ian Stewart, chief economist at accountancy firm Deloitte. "This so-so performance has been called the new normal." Improvements on that picture will require a recovery in productivity growth, said Stewart.

WORDS

"Austerity is out and secular stagnation has disappeared."

Peter Praet, the European Central Bank's chief economist, acknowledges a raft of positive economic data for Europe, while being cautious about remaining problems, such as non-performing loans.

SOURCE: *FINANCIAL TIMES*, 15 MARCH 2017

"You don't need a piece of paper with numbers on it to have an economic assessment."

David Davis, Brexit secretary (pictured above), prevaricates in front of the Brexit Committee when asked to quantify the impact of leaving the EU without a comprehensive trade deal.

SOURCE: *BUSINESS INSIDER*, 15 MARCH 2017

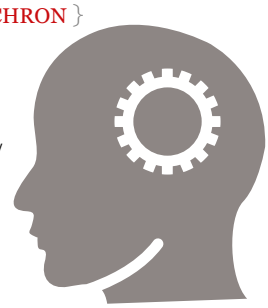
WIKIMEDIA

{ KEY FINDINGS FROM TOP FINANCIAL SERVICES TRENDS SURVEY BY DIGITAL CONSULTANCY SYNECHRON }

38%
the proportion of respondents who place regulation as their top priority for 2017

42.6%
the proportion who said MiFID II would be their top regulatory priority

29.6%
the proportion who put Dodd-Frank first



29.2%
the proportion who said regulations around blockchain and artificial intelligence would be a top focus

{ BREXIT }

UK BUSINESSES LOOK TO DUBAI AND EMERGING MARKETS FOR EXPANSION

Emerging markets are becoming increasingly attractive to UK businesses looking to expand, with the Middle East a favoured potential base for establishing themselves overseas.

According to a report from the Dubai Multi Commodities Centre (DMCC), 42% of UK businesses reported that they were more inclined to expand their operations abroad following the Brexit vote last year and in the wake of the US election results.

Out of those businesses looking to expand, 63% say emerging markets are becoming more attractive, with 75% citing Dubai as a potential market. Out of the UK businesses that said they were undecided, 40% said they would consider the Middle East as an option for overseas expansion.

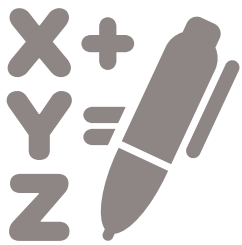
Reasons respondents gave included the need for a global presence (47%); availability and wealth of overseas talent (44%); and uncertainty in the UK market (36%).

Of those respondents hesitant about growth into markets overseas, 43% said tax incentives would strengthen arguments in favour of making moves into other markets. Twenty-nine per cent cited easier company formation and business support.

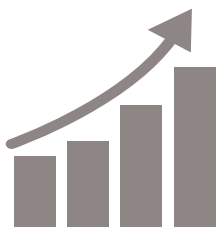
£240m
the investment Toyota will make in the UK factory that makes Auris and Avensis models

€50m
the fines within proposed German legislation that may be levied against social networks that fail to promptly take down hate speech, false news and other undesirable content

$4.6 trillion
the amount the American Society of Engineers says the US needs to spend to fix its infrastructure



£1bn
annual sales of gin in the UK, ensuring the spirit regains its place in the inflation basket of goods, after a 13-year absence



$152bn
China's new defence budget, representing a 7% increase

0.4%
the household-saving ratio in the UK for the second half of 2016, excluding pension equity, according to the Money Charity

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"We are working to strengthen the contribution of trade to our economies. We will strive to reduce excessive global imbalances, promote greater inclusiveness and fairness, and reduce inequality in our pursuit of economic growth."

G20 finance ministers at their meeting in Baden-Baden, Germany, confirm the importance of balanced trade to the world economy, but drop the former tough language to resist protectionism.

SOURCE: *FINANCIAL TIMES*, 18 MARCH 2017