

## Major Indicators

	Q3 2015	Q4 2015
UK GDP growth	0.4% growth	0.5% growth

According to the preliminary estimate released by the Office for National Statistics in January 2016 for Q4 2015, UK GDP increased by 0.5% during the quarter, compared with a 0.4% increase over Q3 2015. For the full year 2015, GDP increased by 2.2% on 2014. It should be noted that this is a preliminary estimate and is subject to revision when more data becomes available.

Economic Growth Forecasts for 2016		2.4% growth
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In its November publication, the Independent Office for Budget Responsibility forecast growth for the UK at 2.4% for 2016, this has been revised up 0.1% from the July forecast. The International Monetary Fund predicts growth of 2.2%; this has remained unchanged since the update published in October 2015. According to HM Treasury's summary of independent forecasts for the UK economy, the average of new forecasts predicts growth of 2.2% for 2016. This figure is based on 24 new forecasts which were received between January 1st and January 18th 2016, which range from a low of 1.5% to a high of 2.6%.

US GDP Growth	2.0% growth	0.7% growth
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US GDP growth fell to 0.7% in Q4 2015 from 2% in Q3 2015 according to the advanced estimates published by the Bureau of Economic Analysis. This is subject to revision as this data set is currently incomplete. This slowdown in the rate of growth was primarily caused by a decrease in consumer spending, exports, and state and local government spending.

Euro Area Risk	EA 19 0.3% growth EU 28 0.4% growth	EA 19 0.3% growth EU 28 0.3% growth
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The 'flash' estimate of EA 19 and EU 28 GDP data shows modest growth of 0.3% across both groups over Q4 2015. Compared to Q4 2014, GDP growth of 1.5% and 1.8% was recorded for the regions respectively. Germany (+0.3%) and France (+0.2%) both posted growth figures. The strongest growth in the quarter was in Estonia where the economy grew by 1.2%, following negative growth in both Q1 and Q3 2015. Greece's economy contracted for three quarters in 2015. In Q4 2015, it declined by 0.6%, and when compared with Q4 2014, shows an overall contraction of 1.9%. Finland's economy has also contracted for the last two quarters; in Q4 2015, it declined by 0.1%. It is worth noting that this 'flash' estimate does not include data from all countries.

## Uk Output - Sub-sector Trends

	Q3 2015	Q4 2015
Overall Production	<b>0.2% growth</b>	<b>0.5% decline</b>

The UK's Index of Production decreased by 0.5% in Q4 2015, this had been revised from the 0.2% decline which was reported in the preliminary Q4 2015 GDP estimate. However, between Q4 2014 and Q4 2015 production output decreased by 0.4%. The largest contributor to the decline seen in Q4 2015 was mining and quarrying, which fell by 2.3%.

Manufacturing	<b>0.4% decline</b>	<b>0.00</b>
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The Manufacturing sector experienced three periods of quarterly decline in 2015, with growth then remaining flat in the most recent quarter.

Construction	<b>1.9% decline</b>	<b>0.1% decline</b>
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According to the latest ONS estimate, Construction experienced two periods of quarterly decline in 2015. Between Q4 2014 and Q4 2015, Construction output increased by only 0.3%. Overall, Construction output in 2015 was 3.2% higher than in 2014. This rate of growth was much slower than in 2014 due to the two consecutive quarterly periods of decline in 2015.

Services Overall	<b>0.6% growth</b>	<b>0.7% growth</b>
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The UK Services sector continues on a growth path. Overall, Services grew by 0.7% in Q4 2015; this was the strongest period of growth in 2015. This increase was driven by the growth in Business Services and Finance which increased from 0.6% in Q3 2015 to 0.9% in Q4 2015.

## Uk Output - Sub-sector Trends

	Q3 2015	Q4 2015
Transport, Storage & Communication	<b>1.0% growth</b>	<b>0.3% growth</b>

According to the preliminary estimate released by the ONS, the Transport, Storage & Communications index grew by 0.3% in Q4 2015. This was primarily driven by Computer Programming, Consultancy and Related activities. For the year as a whole, the index for Transport, Storage and Communication increased by 4.2% on 2014.

Business Services & Finance	<b>0.6% growth</b>	<b>0.9% growth</b>
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The ONS estimates that between Q4 2014 and Q4 2015 Business Services and Finance output increased by 2.1%. In Q4 2015, the largest contributor to this growth was Office Admin & Other Business Support.

Distribution, Hotels and Restaurants (Catering)	<b>0.9% growth</b>	<b>1.1% growth</b>
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When compared with 2014, the index for Distribution, Hotels & Restaurants increased by 4.6% in 2015. In Q4 2015, the largest positive contributor to the 1.1% growth experienced was Retail Trade, excluding Motor Vehicles & Motorcycles.

Government and Other Services	<b>0.2% growth</b>	<b>0.3% growth</b>
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The ONS estimates that the index for Government & Other Services increased by 0.3% in Q4 2015, with the greatest contribution to that growth coming from Human Health activities. When compared with the same quarter in 2014, Government & Other Services output increased by 0.4%.

## Macro Indicators

	Q3 2015	Q4 2015
UK Retail Sales		<b>3 months on previous 3 months: Value 0.1% growth, Volume 1.1% growth</b>

The latest retail sales figures published by the ONS in January 2016 for the three months to December 2015, show a very small strengthening of growth (0.1% value and 1.1% volume). However, in terms of value there was a decrease of 1% when compared with December 2014 and a decrease of 1.4% when compared with November 2015. Internet sales continue to grow - there was an 8.2% increase in the average weekly online spend in December 2015 compared to December 2014.

UK Consumer Confidence		<b>+1 (November 2015) '+2 (December 2015)</b>
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According to data from GfK NOP (UK), the Index of Consumer Confidence in the UK increased by 1 point in December 2015 to +2. There are five measures used to calculate the index; in December three increased, one decreased and one remained the same. According to GfK, this is the first time since the measure started in 1974 that the index has remained positive for a full calendar year. The average score for 2015 was +3.

UK CPI Inflation	<b>Year to November 2015: 0.1% rise</b>	<b>Year to December 2015: 0.2% rise</b>
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The ONS figures for the year to December 2015 show that the CPI measure of inflation stood at +0.2%. January 2015 was the last time in 2015 that the rate exceeded +0.1%. The falling price of motor fuels and an increase in air fares were the largest contributors to the small increase in inflation.

UK Interest Rates	<b>0.50%</b>	<b>0.50%</b>
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The Bank of England's Monetary Policy Committee, which met most recently on 4th February 2016, voted unanimously to maintain interest rates at 0.5%. This marks a shift in the stance of one committee member who had previously voted several times for there to be a rise in the interest rate.

## Macro Indicators

	Q3 2015	Q4 2015
UK Net Debt	September 2015 £1,542.1bn	December 2015 £1,542.6bn

According to the latest data available from the ONS, UK net debt in December 2015 stood at 81.0% of GDP. The figure is an increase of £53.2bn compared with December 2014.

UK Net Borrowing		Apr-Dec 2015 £74.2bn
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The UK's public sector Net Borrowing excluding public sector banks stood at £74.2bn in the current financial year to date. For the April to December 2015 period, there was a decrease of £11bn when compared with the same period in 2014. In December, public sector borrowing stood at £7.5bn which is a decrease of £4.3bn when compared to December 2014.

UK Current Public Sector Budget Deficit		Apr-Dec 2015 £56.9bn
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According to the latest data published by the ONS, the UK Public Sector Budget Deficit stood at £56.9bn. This is a decrease of 17.3% when compared with the same period in 2014.

Central Government Current Receipts (ONS)		Apr-Dec 2015 £453.6bn
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Central Government receipts for the financial year to date were £453.6bn. This is a 3.1% increase when compared to the same period in 2014. During this period VAT receipts increased by 3.7% to £97.2bn and income tax related payments increased by 4.6% to £113.7bn.

Q4 2015

UK Banking Resilience

**The UK Banking sector has become more resilient to current global macro economic factors. Banks now have risk-based capital ratios above the minimum requirements.**

The most recent Financial Stability Report published in December 2015, indicated that the UK Banking sector has become more resilient to current global macro economic factors, and concluded that the UK banking system would have the capacity to maintain its core functions if faced with a stress scenario. Whilst the latest report concluded that the financial system had moved out of the post-crisis period, several global and domestic risks were flagged up. Domestically, these include the buy-to-let and commercial real estate markets, the high level of the UK current account deficit, and household debt. Aggregate credit growth is reported to be rising, albeit modestly, in comparison with credit growth seen pre-crisis, and is now close to nominal GDP growth.

UK Gross bank lending

**Long term wholesale funding for UK banks increased slightly in Q4 2015, and remained higher than the post-crisis lows seen in the early part of 2015**

The most recent Credit Conditions Review reports that long term wholesale funding spreads for UK banks increased slightly in Q4 2015, and remained higher than the post-crisis lows seen in the early part of 2015. An increase in secured lending to UK households was also reported, driven by an increase in the availability of secured credit, an increase in buy-to-let lending, and an increase in re-mortgaging. The annual rate of growth in the stock of consumer credit grew strongly in Q4 2015, driven by personal loans and overdrafts. Lending to UK businesses has increased across most industrial sectors and all business sizes, although smaller SMEs experienced a more gradual improvement than larger companies.

UK Loan pricing

**Overall, supply of secured and unsecured credit and demand for secured and unsecured lending has increased**

According to the Bank of England Credit Conditions Survey for Q4 2015, the availability of secured credit to households increased slightly in the three months to mid-December, with lenders surveyed expecting a further increase in secured lending in Q1 2016. Overall spreads on secured lending to households – relative to the Bank Rate or the appropriate swap rate - narrowed again in Q4 2015; conversely, spreads on unsecured lending products widened significantly in Q4 2015. This is the first widening reported since Q3 2012, and spreads on unsecured lending are expected to widen slightly again over Q1 2016. Spreads on lending to large corporates narrowed in Q4 2015, but spreads for lending to SMEs remained unchanged in this quarter.

UK Bond issuance

**Good level of liquidity maintained**

According to the Bank of England's latest Asset Purchase Facility Report, covering the fourth quarter of 2015 within the UK Government bond markets, nominal gilt yields rose across the curve, by an average of around 19 basis points. Within UK corporate debt markets, Sterling investment-grade non-financial corporate bond spreads narrowed a little in Q4 2015, and were lower than levels seen in the fourth quarter for the years 2012-2014.

	Q3 2015	Q4 2015
Deloitte UK CFO Survey (Q4 2015)	<b>Financial and economic uncertainty experience sharpest rise in five years</b>	<b>Risk appetite shrinks and business confidence falls back to 2012 level</b>

The latest Deloitte UK CFO Survey highlights that CFO confidence fell through 2015 and ended the year at its lowest level since Q2 2012, reflecting concerns they have for economic growth in the Euro area and emerging markets. Furthermore, the decline in the FTSE 100 index since last summer has led to some softening of corporate risk appetite; in Q4 2015, 37% stated 'now is a good time to take risk' compared with 47% in Q3 2015 and 59% in Q2 2015. Consequently, CFOs are adopting a more defensive stance, cutting back on risk taking and focusing more on cost control, than at any time in the last three years. This Survey also reports that, while the majority of CFOs favour EU membership, support has narrowed slightly, reflecting greater scepticism within the UK public.

UK Business Investment (ONS)	<b>£44.6bn</b>	
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Latest figures published by the ONS on Business Investment for Q3 2015, show that business investment increased by an estimated £1.0bn (2.2%), compared with Q2 2015, and stands at £44.6bn.

UK Trade Position	<b>£8.6bn Deficit</b>	<b>£10.4bn Deficit</b>
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According to the latest UK Trade Report (in Q4 2015), the UK's deficit on trade in goods and services was estimated to have been £10.4 billion, widening by £1.8bn from Q3 2015. Between Q3 and Q4 2015, the trade in goods deficit widened by £0.9 billion to £32.7bn, reflecting a £0.5bn fall in the exports of goods and a £0.4bn rise in imports. Meanwhile, the trade in services surplus between Q3 and Q4 2015 narrowed by £0.9bn to £22.4bn. The UK's annual trade deficit reached £34.7bn in 2015, a widening of £0.3bn from 2014. Over the same period, the goods deficit widened by £1.9bn to £125bn. The trade deficit widening was partially offset by an increase in the services surplus, which rose by £1.5bn to £90.3bn.

FTSE 100	<b>6,061.61 September 30th (closed)</b>	<b>6,242.32 December 31st (Closed)</b>
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Plunging oil prices, a slowing Chinese economy, challenges in emerging market economies and revised forecasts for global growth are all taking their toll on the FTSE 100 and reflect the sentiment of uncertainty ahead. In January 2016, the Chinese stock market experienced dramatic declines, falling 18% between January 4th and 15th resulting in Chinese officials suspending trading early on two occasions. February has seen further turmoil as the FTSE 100 closed at its lowest level since July 2012 on 9th February, all of which has put various global stock markets into bear market territory.

## Corporate Level: Investment, Trade and Employment

	Q3 2015	Q4 2015
UK Unemployment - % (ONS)	(June - August 2015) 5.4%	(October - December 2015) 5.1%

The unemployment rate for October to December 2015 was 5.1%, down from 5.7% a year earlier; this is its lowest level for a decade. 1.69m are unemployed but actively seeking work. Unemployment has decreased by 60,000 over the quarter, and 172,000 over the year. The number of people in employment between October to December 2015 was 31.42m, an increase of 205,000 over the quarter, and 521,000 over the year. In December 2015, the Euro area seasonally adjusted unemployment rate was 10.4%, down from 11.4% in December 2014. There are differences in unemployment rates within Eurozone countries; Germany had a recorded unemployment rate of 4.5% (December), while Greece's unemployment rate was 24.5% (October 2015).

UK Job Creation - CIPD quarterly Labour Market Outlook	Net Employment Measure: +29 (Summer 2015)	Net Employment Measure: +28 (Autumn 2015)
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Based on a survey of over 1,000 UK employers, this report highlights that near term employment remains well above the survey's historic average. The report's 'net employment measure' tracks the proportional difference between employers that intend to increase their workforce during the upcoming quarter and those that intend to decrease staff levels. The proportion of employers experiencing recruitment difficulties has increased gradually over the past year, with hard to fill vacancies more likely to affect public sector organisations than private sector organisations; the latter are noted to be responding to these shortages by creating more job opportunities for young people, investing more in training and increasing salaries to help fill vacancies.

UK Job Creation - Antal Global Snapshot	70% UK Firms are hiring now April 2015	64% UK Firms are hiring now November 2015
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The Antal Global Snapshot, which tracks hiring and firing trends in the world's most important developed and emerging economies, was issued in November 2015 and is based on data from over 9,570 organisations in 40 countries on five continents. 64% of UK firms surveyed are currently hiring, a decrease of 6% compared to April 2015. The expected figure for the next quarter stands at 59%. These figures compare well with Western Europe, where 56% of companies are hiring now. The UK statistics on firing have dropped from 36% reported in April 2015 and are now in line with the Western European average of firing, which stands at 22%. The outlook for the next quarter suggests further improvements to UK firing levels which is set to decrease to 16%.

ICAEW/Grant Thornton UK Business Confidence Monitor (BCM)	+22.4 Q3 2015	+15.6 Q4 2015
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The ICAEW/Grant Thornton UK Business Confidence Monitor for Q4 2015 shows that confidence has fallen after a post-election bounce, but that it remains firmly in positive territory. The Confidence Index now stands at +15.6, down from +22.4 in Q3 2015, and down from +28.6 at the same point in 2014. Firms plan to limit budget growth for capital investment and R&D, while export sales slip below domestic sales, although expectations for export growth ahead appears stronger. The latest ICAEW/Grant Thornton Confidence Monitor for Q1 2016 shows a further slide in confidence to its lowest level in three years and stands at +11.4.

## Private Equity Data

	Q3 2015	Q4 2015
Standard Life and Unquote Barometer European PE Buyout Figures	<b>138 buyouts worth €34.2bn</b>	<b>136 buyouts worth €29.4bn</b>

The latest Barometer shows that deal numbers declined in Q4 2015 to the lowest total seen over the past three quarters. The core mid-market (€100m-€1bn) and large-cap (€1bn+) segments were down slightly between Q3 and Q4 2015 from 46 to 44, and 7 to 6, deals respectively. The small-cap (sub €100m) barely improved, up from 85 to 86 deals in Q4 2015. The large-cap segment was the only category to register a drop in quarterly value terms, decreasing 34.9% from €15.9bn to €10.4bn in Q4 2015, while deal values for small-cap and core mid-market deals rose 9.3% and 3.2% respectively. The annual 2015 aggregate value of buyouts stood at €123.6bn, up 35.7% versus 2014, while the number of deals in 2015 stood at 550, a 4.2% decline since 2014.

CMBOR - European Buyout Figures	<b>943 buyouts worth €72.0 billion (Full year 2014)</b>	<b>957 buyouts worth €90.9 billion (Full year 2015)</b>
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Figures from the Centre for Management Buyout Research (which collects information on buyouts irrespective of whether they were private equity funded or not), showed that European buyouts continued the momentum gained in 2014, with the total value in 2015 reaching the highest levels since 2007; €90.9bn was invested in European buyouts in 2015, an increase of 26% compared with 2014 when the value stood at €72.0bn. After three years of declining volumes, the total number of European buyouts in 2014 stood at 943, rising to 957 in 2015. European buyout exit activity by number dipped slightly in 2015 to 574 exits, compared with 608 in 2014. However, in 2015, buyout exit value surged by 36% from €116.7bn in 2014 to €159bn.

CMBOR - UK Buyout Figures	<b>310 buyouts worth £16.6 billion (up to end of Sept 2015)</b>	<b>415 buyouts - £20.1 billion (Full Year 2015)</b>
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The latest figures from the Centre for Management Buyout Research (CMBOR - which collects information on buyouts irrespective of whether they were private equity funded or not) shows that the UK buyout market surpassed the £20bn mark for the first time since 2010 with the increase in value being driven by the re-emergence of £1bn plus buyouts which had been absent from the market since 2012. The total value of buyouts above the £1bn mark in 2015 amounted to £4.3bn, the highest total since 2010. The total exit value climbed to a new record for the second year in a row with £47.6bn recorded for 2015. Whilst exit value has risen for four consecutive years since 2011, the number of exits dropped in 2015 to 282, compared with 321 in 2014.

Dow Jones - European Venture Capital Investment	<b>374 deals raised €3.32bn</b>	<b>426 deals raised €3.29bn</b>
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The Dow Jones Venture Capital Report shows equity financing for European venture backed companies stood at €3.29bn in 426 deals for Q4 2015, a 14% increase by volume (compared with 374 deals in Q3 2015). By value, the figure is on par with Q3 2015 (€3.32bn). Venture capital fundraising increased between Q3 2015 and Q4 2015 by 58% for both volume and value, 19 funds raised €1.33bn in Q4, compared to 12 funds raising €0.84bn in Q3. The UK accounted for 43% of all equity financing in Q4 2015 for European based VC companies, followed by Germany (21%) and France (11%) respectively. Information Technology captured the largest share of money during Q4 raising €840m for 107 deals, followed by Consumer services with €802m for 110 deals.

	Q3 2015	Q4 2015
MergerMarket Monthly M&A Insider		<b>2015 recorded highest deal value ever 16,837 deals with a value of \$4.3tn</b>

According to the latest release from MergerMarket, 2015 has been an peak year for M&A activity, with 16,837 transactions completed with a total value of \$4.3tn. This represents a 30.5% increase by value over 2014's figure of \$3.3tn and sets a new global record by deal value since the 2007 pre-crisis peak of \$3.7tn. This has been driven by high valuations which have led to 2015 becoming a year of mega-deals. However, the number of transactions decreased in 2015 to 16,837 compared with 17,397 in 2014. By sector, the Energy, Mining and Utilities sector accounted for the largest volume and value of deals – 1,331 deals valued at \$637.7bn, representing 14.9% of total market share.

Preqin - Global Private Equity Fundraising	<b>143 Funds closed \$72bn aggregate capital raised</b>	<b>118 Funds closed \$83bn aggregate capital raised</b>
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According to the Preqin 2015 Private Equity Fundraising update, global PE fundraising slowed in 2015, with the annual total capital raised decreasing for the first time in five years. Preqin reports that 687 funds closed in 2015 raising \$287bn, down from \$339bn in 2014. By region, North America accounted for 60% (\$168bn) of total investor commitments in 2015. Dry powder, stood at \$752bn at the end of 2015, up from \$695bn at the end of 2014. Venture Capital funds have raised \$48bn in 2015, slightly down from \$51bn in 2014. This activity has been driven by North America, which accounted for 70% of global VC capital raised in 2015.



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