Mark Carney warns global trade war could 'shipwreck' global economy - business live; Bank of England governor says a global trade war could 'shipwreck' the global economy, while Brexit risks are increasingLatest: Mark Carney speaks in BournemouthGovernor: Sea change has hit UK economyEarlier:UK builders suffer plunging outputHousebuilding, commercial and civil construction all shrinking Political uncertainty blamedLondon house prices have fallen again

The Guardian(London)

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Body

block-time published-time 9.08pm BST

Finally, here's our news story on Mark Carney's speech:

Related: *Trade wars could shipwreck **global economy**, warns Mark Carney*

Goodnight!

block-time published-time 6.29pm BST

In a surprise twist tonight, IMF chief Christine Lagarde has been officially proposed as the next president of the European Central Bank.

She'd replace Mario Draghi, whose term expires in November, just as the eurozone ***economy*** weakens.

It's part of an agreement carved up by EU leaders after days of talks in Brussels.

undltr *pic.twitter.com/8szVwNavX7*

- Donald Tusk (@eucopresident) *July 2, 2019*

Germany's Ursula von der Leyen is to become the next Commission president, while Belgium's Charles Michel gets the European Council top post.

block-time updated-timeUpdated at 6.35pm BST

block-time published-time 4.40pm BST

You can read Mark Carney's speech online, *here* (complete with words, charts and a bit of Shakespeare).

block-time published-time 4.39pm BST

FTSE 100 hits 11-month high.

Mark Carney's gloomy prognosis is bad for the pound, and thus good for international companies listed in London.

The FTSE 100 index of top blue-chip shares has just closed, up 61 points or 0.8% at 7559. That's its highest level since the end of August 2018.

Multinational consumer goods group Reckitt Benckiser is the top riser, up 3.5%, followed by plumbing and heating products maker Ferguson. Their overseas earnings are worth more when the pound is weaker.

enltr *#GBP* Things have gone from bad to worse for the pound. After being knocked by a poor construction PMI earlier, sterling slumped again in reaction to a speech by BoE Governor Mark Carney - *#GBPJPY* bearish trend resumes *https://t.co/kso3xFNcmq* ^FR *#FX* *pic.twitter.com/XIiOTBK5KH*

- FOREX.com (@FOREXcom) *July 2, 2019*

However, the FTSE 250 index of medium-sized, UK-focused companies has ended the day flat. They don't benefit as much from a weaker pound.

block-time published-time 4.31pm BST

Sterling has lost ground against most other currencies today - just in time to hit summer holidaymakers in the pocket.

enltrThe pound has tumbled following a dovish Mark Carney: *#GBP* -0.46% against other currencies *#GBPUSD* 1.25954 -0.36% *#EURGBP* 0.89699 +0.46% *#GBPAUD* 1.80034 -0.8% *#GBPJPY* 136.064 -0.74% *#GBPCAD* 1.65222 -0.49% *#GBPCHF* 1.24291 -0.45%

- IGSquawk (@IGSquawk) *July 2, 2019*

block-time published-time 4.26pm BST

Mark Carney's audience have been tweeting too:

enltr *#lgaconf19* BOE Governor MarkCarney says that UK business investment flatlined since brexit referendum & Uk growth overly reliant on household spending *pic.twitter.com/QIBj1Qpo2q*

- Cllr Diogo Rodrigues (@Diogo_Rod_90) *July 2, 2019*

enltrIn response to *@grayee*, *@bankofengland* Governer Mark Carney tells *#LGAconf19* spending on infrastruture like social housing gives country 'biggest bang for its pound' + chilling figures of homes needed. Our event looks at partnerships to make this happen *https://t.co/OqwpinMJyU* *pic.twitter.com/db9DMxQsc5*

- placeshapers (@placeshapers) *July 2, 2019*

enltrInteresting to hear *@bankofengland* Governor Mark Carney talking about concerns over ***global*** ***economic*** outlook and how Bank will respond to no deal Brexit *#LGAConf2019* *pic.twitter.com/M68VtBB6n3*

- Clair Bell (@clairbell_) *July 2, 2019* enltrBank of England governor *@MarkCarney_BOE* finishes on a joke with serious intent "there is such a thing as a bad zero carbon transition and one of the worst is to do nothing now and try to do it all at once later - my university exam technique is not the one to follow"

- Eleanor Combley (@EleanorComb) *July 2, 2019*

block-time published-time 4.11pm BST

Carney: UK data suggests ***economy*** has stalled

Ouch! Governor Carney has also warned his audience in Bournemouth that the UK ***economy*** seems to have slowed very sharply in the last quarter.

He says:

Growth in the second quarter will be considerably weaker, in part due to the absence of that stock building effect and Brexit-related, temporary shutdowns by several major car manufacturers.

Recent data also raise the possibility that the negative spillovers to the UK from a weaker world ***economy*** are increasing and the drag from Brexit uncertainties on underlying growth here could be intensifying. The latest surveys point to no growth in UK output.

Looking across the first half of the year, in my view, underlying growth in the UK is currently running below its potential, and is heavily reliant on the resilience of household spending.

This is a timely warning, as we learned today that *construction shrank at the fastest pace in a decade last month*.

block-time published-time 4.09pm BST

Mark Carney is also cautioning against getting too optimistic about Washington and Beijing striking a trade deal:

The intensification of trade tensions has increased the downside risks to ***global*** and UK growth. In this regard, the news at the weekend that the US and China agreed to restart trade talks is welcome - though as we have learnt, progress today is no guarantee of progress tomorrow.

block-time published-time 4.03pm BST

Mark Carney has also produced these charts, which explain why t *he Bank is worried about a 'a sea change in financial markets' that could shipwreck the world **economy*** - if a ***global*** trade war explodes into ***life***.

He cautions:

All in all, the risks to the ***global*** ***economy*** have shifted to the downside. But to what extent? Does the sea change in financial markets presage a sea change in the ***global*** ***economic*** outlook? And what does the UK experience suggest? A lot will rest on the scale and breadth of the trade effects.

block-time updated-timeUpdated at 4.04pm BST

block-time published-time 3.54pm BST

Perhaps inspired by the view of Bournemouth harbour, Mark Carney told his audience that:

In recent months, there has been a sea change in financial markets driven by growing concerns over the ***global*** ***economic*** outlook.

block-time published-time 3.39pm BST

The pound has fallen below $1.26 since *Mark Carney's speech hit the wires*, down half a cent at a two-week low today.

Reuters suggests this sentence from the governor's speech, talking about a 'near term policy response' may be responsible:

For now, a ***global*** trade war and a No Deal Brexit remain growing possibilities not certainties. Monetary policy must address the consequences of such uncertainty for the behaviour of businesses, households and financial markets.

In some jurisdictions, the impact may warrant a near term policy response as insurance to maintain the expansion.

However, it's not clear which 'jurisdictions' Carney means. It could be the UK, or it could be the US - where the Federal Reserve is under pressure to cut borrowing costs.

block-time published-time 3.26pm BST

Carney: ***Global*** trade war could 'shipwreck' ***economy***

Newsflash: Mark Carney, the governor of the Bank of England, is warning that a ***global*** trade war could 'shipwreck' the ***global*** ***economy***.

Speaking in Bournemouth, Carney explains that trade wars are now the top risk worrying investors, with America threatening Mexico and Europe with new tariffs, on top of its ongoing clash with China.

Protectionism is on the rise, the governor warns the Local Government Association Annual Conference:

Initially motivated by concerns over bilateral trade imbalances, trade measures are now being taken in response to issues ranging from immigration to Intellectual Property protection to control of the technologies underpinning the Fourth Industrial Revolution.

It has even become fashionable for some to speak of a new Cold War. That bears a moment's reflection for a lot has changed. At the height of the Cold War, US-USSR trade was worth $2 billion a year; today, US-Chinese trade clocks $2 billion a day. More broadly trade in intermediate goods and services has doubled since the fall of the Berlin Wall, and production has become increasingly integrated across borders.

The longer current tensions persist, the greater the risk that protectionism becomes the norm. Once raised, tariffs are usually slow to be lowered. Consider that half a century ago the US imposed tariffs on light trucks due to a dispute over chicken exports to Europe. While the chickens were soon forgotten, the truck tariffs remain in place.

Carney also tells his audience that fears of a no-deal Brexit have also risen in recent weeks.

He says:

But ***global*** trade tensions are not the only factors influencing UK financial conditions. They also remain highly sensitive to the perceived probabilities of different Brexit outcomes. That's because asset prices are mean expectations, reflecting the weights that market participants place on every possible outcome.

Over the past two months, markets have placed a growing weight on the possibility of No Deal, with the betting odds doubling to almost one in three:

The governor warns that the Bank would not "automatically" cut interest rates if this happened:

A No Deal outcome would result in an immediate, material reduction in the supply capacity of the UK ***economy*** as well as a negative shock to demand. There is little monetary policy can do to offset the former. A major negative supply shock is extremely unusual in advanced ***economies*** - the last one was the 1970s oil shock, even if the possibility of the next one is brewing in the Twittersphere

Fiscal policy (government spending) would also need to be deployed to help the ***economy***, he added.

For now, a ***global*** trade war and a No Deal Brexit remain growing possibilities not certainties, Carney points out, concluding:

Whether current trade tensions shipwreck the ***global*** ***economy*** or prove to be a tempest in a teacup will have an important influence on the outlook for growth and inflation in the UK.

However trade tensions evolve and the Brexit process unfolds, UK monetary policy will remain guided by the constancy of the inflation target.

block-time updated-timeUpdated at 3.34pm BST

block-time published-time 3.04pm BST

Over in New York, the stock market has opened gingerly as trade war optimism fades.

The S&P 500 index, which closed at a record high last night, has dipped by 3 points or 0.1%.

The Dow Jones industrial average is also in the red, down 50 points or 0.2% at 26,666.

enltrU.S. stocks open slightly lower *https://t.co/o4tL2JfgnI* *pic.twitter.com/DjSBemrL2n*

- Bloomberg Markets (@markets) *July 2, 2019*

Yesterday stocks rallied on relief that the US and China had agreed to resume trade talks. Today, though, investors are noting that Donald Trump is now threatening tariffs on $4bn of European goods -- including cheese and whisky - in a long-running row over subsidies granted to aeroplane-makers.

Related: *Donald Trump threatens new tariffs on $4bn of EU products*

block-time published-time 2.25pm BST

Today's *slump in construction activity* comes just a day after *British factories reported their worst contraction in six years*.

So is the UK already heading into recession?

Economists professor Costas Milas of Liverpool University thinks it will be close, telling us:

The PMI data for Construction and Manufacturing raise the possibility of the start of a UK recession (i.e. two successive quarters of negative GDP growth). Although the PMI data looks bad, there is some reasonable good news elsewhere.

According to fresh Bank of England data, " *divisia money growth* " is holding up well at 4% per annum and, at the same time, ***economic*** *policy uncertainty* is no worse (or any better) than what it was in the beginning of the year. "Divisia money growth" weights different forms of money according to their likelihood of being spent (hence, notes and coins have a higher weight than money held in mutual funds, for example). Divisia money also *tracks GDP movements quite well*.

Divisia money and policy uncertainty developments point to GDP growth of 1.44% per annum for 2019Q2 (which is lower than the 1.59% estimate produced by the Bank of England in May) and zero quarter-on-quarter growth for 2019Q2. So, fingers tightly crossed, we might avoid recession....

Professor Milas also reckons the Bank of England could be forced to cut interest rates in the next couple of months, to head off a downturn. *More here*.

enltrCostas Milas explains why the probability of no-deal Brexit being on the rise means that the Bank of England may have to proceed with interest rate cuts before 31 October, and the possible consequences of such move. *https://t.co/iYYugtcy2s*

- LSE British Politics (@LSEpoliticsblog) *June 29, 2019*

block-time published-time 2.05pm BST

Moody's: No-Deal Brexit likely to cause a recession

Heads-up: Rating agency Moody's has now weighed in on Brexit, warning that No Deal would probably drive Britain into a recession.

In its annual credit analysis of the UK, Moody's has ratcheted up its warnings about leaving the EU without an agreement.

It warns that:

Such an outcome would be very disruptive to current UK-EU trading arrangements and have a material, negative impact on the UK ***economy*** and on the ***economies*** of certain EU member states,"

[I imagine that the Republic of Ireland is high on that list of EU states]

Moody's also warned that the UK could be downgraded, "if the ***economic*** impact of Brexit is more severe than it currently expects, such as in a no-deal scenario."

Something for Boris Johnson and Jeremy Hunt to ponder, as they continue to insist that they'd take Britain out of the EU without a deal, despite fears it would cost jobs, wipe out businesses, undermine the pound and drive up inflation.

Related: *Boris Johnson says no-deal Brexit claims 'wildly over-done' as Hammond says it would cost Treasury £90bn - **live** news*

block-time published-time 1.31pm BST

Investing legend Warren Buffett has long warned against buying shares when a company floats on the stock market.

Buffett's argument is that IPOs are over-priced, especially when cutting-edge companies come to market during a "hot" period. He also reckons it's a "mathematical impossibility" that a new IPO can provide the best value, given the imbalance between knowledgable sellers and less- knowledgable buyers.

Anyone who took part in Funding Circle's flotation last October will agree. They paid 440p per share, but have seen their investment slump to just 123p today (down 25% this session alone) following a profits warning from the peer-to-peer business lender

Funding Circle, which lets investors lend directly to small businesses, slashed its revenue growth forecast in half -- and suggested Brexit was to blame.

Samir Desai, Funding Circle's chief executive and co-founder, said:

"The uncertain ***economic*** environment has reduced demand from small businesses and led us to proactively tighten lending criteria.

Here's the full story :

Related: *Peer-to-peer lender Funding Circle warns over revenue amid Brexit fears*

block-time updated-timeUpdated at 2.44pm BST

block-time published-time 12.32pm BST

Mike Ashley loses long-serving retail chief

Breaking retail news: One of Mike Ashley's chief lieutenants has quit Sports Direct after 28 years working for the retail tycoon.

The Press Association has the story:

Karen Byers, whom the billionaire called the person who "runs Sports Direct", was described by insiders as the "glue that holds it all together".

Her decision to leave with immediate effect was announced to senior store staff and area managers on Monday morning in a conference call, according to sources at the business.

It looks like the end of a long relationship between the pair.

As PA explains:

Mr Ashley hired Ms Byers following a takeover nearly three decades ago, not long after she was said to have sold him a pair of jeans.

The 51-year-old has kept out of the spotlight, although she did face the cameras when Sports Direct invited journalists to visit its Shirebrook warehouse in Derbyshire.

enltrExclusive: One of Mike Ashley's key lieutenants, Karen Byers, has quit Sports Direct. The retail director leaves after 28 years with immediate effect. Ashley previously said she "ran Sports Direct". Big loss for the company. Story on PA shortly.

- Simon Neville (@SimonNeville) *July 2, 2019*

enltrMike Ashley tells PA "The door will always be open" if she wants to return

- Simon Neville (@SimonNeville) *July 2, 2019*

block-time published-time 12.23pm BST

Full story: UK construction industry suffers worst month in a decade

Here's my colleague Philip Inman on today's building sector gloom:

Britain's construction industry slumped to its worst monthly performance in more than 10 years in June as building firms blamed the *Brexit* crisis for a lack of new work.

Housebuilders joined civil engineering firms and commercial building contractors to warn that a wait-and-see approach to commissioning new projects across the public and private sectors had hit the industry.

Most construction firms reported hanging on to their staff to be ready for a conclusion to the Brexit talks, but in the meantime *the general slowdown in the* ***economy*** and the possibility of leaving the EU without a deal was dampening demand.

The IHS Markit/Cips construction purchasing managers' index (PMI) plunged to 43.1, the lowest reading since April 2009 when the country was gripped by the ***global*** financial crisis. A PMI figure below 50 shows the sector contracted.

UK construction PMI Photograph: Markit

More *here* :

Related: *UK construction industry suffers worst month in a decade*

block-time published-time 11.57am BST

Britain's construction woes have even jolted the bond market.

Investors have driven down the yield, or interest rate, on 10-year UK government bonds to just 0.76%. That's a three-year low.

Low borrowing costs sounds like a good thing, especially for a country running a budget deficit. Yields move inversely to prices, so investors are paying more to hold UK-backed bonds.

But unfortunately, it suggests the City is pessimistic about UK growth prospects, and seeking the safety of government debt.

block-time published-time 11.23am BST

With construction activity falling, it may be harder to get a job at a building firm.

Bosses told Markit that there has been a "marginal" drop in workforce numbers, often due to "the non-replacement of voluntary leavers".

block-time published-time 10.39am BST

The pound has also dropped against the euro, to (EURO)1.116, close to its lowest level since January.

Sam Cooper, vice-president of Market Risk Solutions at Silicon Valley Bank, says investors are shunning sterling:

"The extremely disappointing construction PMI reading is further evidence that Brexit concerns are manifesting in ***economic*** data.

Sterling's attraction continues to diminish as weak ***economic*** data paired with political uncertainty weigh on the value of the currency"

block-time published-time 10.18am BST

Economist Sam Tombs of Pantheon says Brexit uncertainty is having an increasingly painful impact on UK construction.

enltrThe slump in Markit's construction PMI in June points to a worrying step change in the impact of Brexit uncertainty on the ***economy***. Builders unambiguous that Brexit/political risks are to blame for caution among clients. But don't panic, I'm sure Boris & co have a plan... *pic.twitter.com/QKn9miX2RG*

- Samuel Tombs (@samueltombs) *July 2, 2019*

block-time updated-timeUpdated at 10.21am BST

block-time published-time 10.13am BST

Only the "pathologically optimistic" observer could expect Britain's construction sector to recover anytime soon, says B lane Perrotton, managing director of property consultancy and surveyors *Naismiths*.

He says:

" *This* is less of a slide than a sledgehammer. After licking its wounds from a lean May, the construction industry has once again been ambushed by plummeting investor demand.

"In an industry that still bears the scars of the crash a decade ago, the news that output is once again falling as fast as it did in the dark days of 2009 will send a chill down many builders' spines.

"Apart from a brief flurry of stockpiling in advance of March 29th - what should have been Brexit Day - the first half of 2019 has been grim across much of the construction sector.

Simon Harvey of currency exchange firm Monex Europe agree that *June's construction PMI* is much worse than feared.

enltrMassive miss in UK construction PMI which doubles down on yesterday's dismal manufacturing reading. UK Construction industry suffered its worst month in 10-years with LT investment being postponed due to Brexit, and a lot of the backlog worked through.

- Simon Harvey (@_SimonHarvey) *July 2, 2019*

enltrNew orders fell by the most in 10 years, with slowing external demand also a concern. Housing activity falls to show the lowest reading since June 2016, reversing the expansionary trend.

- Simon Harvey (@_SimonHarvey) *July 2, 2019*

block-time published-time 10.00am BST

Today's grim construction PMI report has hurt the pound, sending sterling to a two-week low of $1.261 against the US dollar.

Michael Hewson of CMC Markets says the City is alarmed to see UK construction falling at the fastest rate since April 2009 -- during the last recession.

He explains:

On the currencies front the pound is amongst the worst performers after a shocking miss in the latest construction PM I for June saw ***economic*** activity slide to 43.1, its weakest level since April 2009. There is no sugar-coating these numbers, they are awful. Far from seeing an improvement to 49.2, from 48.6, activity has collapsed with the home building sub component turning negative for the first time in 17 months.

It would appear that the recent stalling of house prices is seeing a slowdown in this particular sector. New orders also fell sharply as the Brexit limbo puts companies off any imminent plans to make long term investments. It also calls into question the Bank of England thinking that a rate rise is more likely than a rate cut.

block-time published-time 9.54am BST

"Wretched"...."dreadful"..."pain"...

The news that *Britain's construction sector just suffered its worst month in a decade* has alarmed commentators and investors.

Here's some snap reaction:

enltrPain of Brexit indecision felt across house building, commercial and civil engineering reports *@IHSMarkitPMI* June construction PMI at 43.1 down sharply from 48.6 previous month

- Helia Ebrahimi (@heliaebrahimi) *July 2, 2019*

enltrSeeing as big construction projects often overrun in terms of cost and time, is it possible the dreadful UK construction PMI report for June was as an overshoot of the 29 March UK departure date? *#Brexit*

- David Madden (@dmadden_CMC) *July 2, 2019*

enltrWretched UK Construction PMI - weakest since 2009, hammered by Brexit uncertainty "The pain of Brexit indecision was felt across all three sub-sectors but the previously resilient housing sector suffered the fastest drop in three years which is frankly worrying news." - *@cipsnews* *pic.twitter.com/zAtHnI0GBg*

- Andy Bruce (@BruceReuters) *July 2, 2019*

enltrConstruction PMI at its lowest since April '09, note: a reading below fifty suggests the construction sector is in contraction. Makes that 300,000 news homes a year target a tad tricky *pic.twitter.com/z93CeP59gH*

- Brett Leppard (@Leppard) *July 2, 2019*

block-time published-time 9.49am BST

Expert: Brexit indecision is hurting UK construction

Today's PMI report shows clearly that UK construction activity has taken a nasty tumble in the last few months:

UK construction PMI by sector Photograph: Markit

Duncan Brock, Group Director at the Chartered Institute of Procurement & Supply, says building firms are trapped in "quicksand" by political uncertainty:

"Purchasing activity and new orders dropped like a stone in June as the UK construction sector experienced its worst month for a decade.

"This abrupt change in the sector's ability to ride the highs and lows of political uncertainty shows the impact has finally taken its toll as new orders dried up and larger contracts were delayed again. The pain of Brexit indecision was felt across all three sub-sectors but the previously resilient housing sector suffered the fastest drop in three years which is frankly worrying news

block-time published-time 9.46am BST

Tim Moore, associate director at IHS Markit, says building companies are suffering from the lack of clarity over Britain's future:

Delays to new projects in response to deepening political and ***economic*** uncertainty were the main reasons cited by construction companies for the fastest drop in total construction output since April 2009. While the scale of the downturn is in no way comparable that seen during the ***global*** financial crisis, the abrupt loss of momentum in 2019 has been the worst experienced across the sector for a decade.

"Greater risk aversion has now spread to the residential building sub-sector, as concerns about the near-term demand outlook contributed to a reduction in housing activity for the first time in 17 months.

"Construction companies reported a continued brake on commercial work from clients opting to postpone spending, with decisions on new projects often pending greater clarity about the path to Brexit. Latest data meanwhile indicated another sharp fall in civil engineering, which also reflected delayed projects and longer wait times for contract awards.

block-time published-time 9.39am BST

UK builders also reported that new orders dropped at the fastest rate in over 10 years, while demand for construction products and materials fell at the sharpest pace since the start of 2010.

block-time published-time 9.39am BST

UK builders suffer worst monthly decline in a decade

Britain's construction sector suffered as "sharp drop in momentum" last month, says data firm Markit.

In a very worrying healthcheck on the construction sector, Markit has found that business activity and incoming new work both fell at the fastest pace for just over 10 years.

Housebuilding, commercial construction and big civil engineering work all contracted during the month -- a bad sign for the whole construction sector.

Builders across the country blamed "risk aversion among clients in response to heightened political and ***economic*** uncertainty."

That suggests people are simply unwilling to take risks while they don't know how the Brexit crisis will be resolved.

This has dragged the IHS Markit/CIPS UK Construction Total Activity Index down to just 43.1 in June, down sharply from 48.6 in May. Any reading below 50 shows a contraction, and this shows the steepest reduction in overall construction output since April 2009.

UK construction PMI Photograph: Markit

The fall in house building was the largest reported for three years, which construction companies linked to weaker demand conditions and concerns about the outlook for residential sales.

block-time published-time 9.31am BST

NEWSFLASH: Construction output in the UK has fallen at the steepest rate since April 2009!

That's according to data firm Markit, and its latest survey of purchasing managers. More to follow.....

block-time published-time 9.13am BST

There's not much warmth in this new heatmap of Britain's housing market, from Nationwide this morning:

UK house price heat map Photograph: Nationwide

block-time published-time 9.03am BST

Lucy Pendleton, director of estate agents *James Pendleton*, agrees that the political deadlock since the EU referendum has deterred some house-buyers.

"Nationally, it's no coincidence that this is the seventh consecutive month of sub-1% annual growth on the third anniversary of the Brexit vote.

Growth has been slowing steadily ever since the summer of 2016 as political upset has trimmed people's risk appetite.

block-time published-time 8.36am BST

The threat of a no-deal Brexit this autumn is hurting the UK housing market, says Andrew Montlake, director of mortgage broker *Coreco*.

"The impact of political events on sentiment has been palpable in recent weeks and this is reflected in the June house price index.

"In April and May, there was a renewed vigour among buyers and sellers alike as the March 29 Brexit deadline passed.

"In June, demand dropped off again following the resignation of Theresa May and the increased likelihood of a no-deal Brexit.

"There's without doubt a degree of Brexit apathy out there driving transactions but no-deal is increasingly at the back of people's minds.

block-time published-time 8.32am BST

Here's a full breakdown of UK house prices by region.

UK house prices by region Photograph: Nationwide

As you can see, London property remains much pricier than the rest of the UK.

Despite falling for the last two years, prices in the capital are still only around 5% below the all-time highs recorded in early 2017 -- and around 50% higher than in 2007 (compared to 17% higher across the whole UK).

block-time published-time 8.20am BST

Economist: Brexit is hampering the housing market

Economist Howard Archer of the EY Item Club predicts that Brexit uncertainty will keep dragging the UK housing market back.

We believe with Brexit being delayed until 31 October - and it currently very unclear what will happen then - and the domestic UK political situation unsettled, prolonged uncertainty will weigh down on the ***economy*** and hamper the housing market.

Consumers may well be particularly cautious about committing to buying a house, especially as house prices are relatively expensive relative to incomes. Indeed, consumer confidence dipped in June. Also it looks questionable whether the labour market and earnings growth will sustain their recent strength as companies tailor their behaviour to a lacklustre domestic ***economy***, prolonged Brexit uncertainties, an unsettled UK political situation and a challenging ***global*** environment.

block-time published-time 8.18am BST

Britain's housing market is stuck "in limbo" awaiting some political and ***economic*** direction and certainty, says Jeremy Leaf, north London estate agent

Leaf also reports that some sellers are accepting offers well below their asking price, a sign that the market is subdued:

'At the sharp end, many buyers in particular are still cautious but looking beyond 31st October whereas successful sellers are facing up to sometimes unpalatable offers in order to move on.'

block-time published-time 8.07am BST

House prices across England are "effectively flat" over the last year, says Nationwide.

In Scotland, prices have rise by 0.4%, slightly below the national average of 0.5%.

Northern Ireland is the strongest performing home nation for house prices, with annual price growth rising to 5.2%. In Wales, prices rose 4.2% in the last year.

UK house prices by region Photograph: Nationwide

block-time published-time 7.57am BST

The long-running gap between house prices in the North and the South of England has narrowed since the Brexit vote, *today's survey shows*.

While prices keep falling in London, Yorkshire & Humberside was the best performing region with prices up 3% over the last year.

Nationwide says:

"House price growth across northern England (North, North West, Yorkshire & Humberside, East Midlands and West Midlands) averaged 2.1%, remaining ahead of that in the south (London, Outer Metropolitan, Outer South East and East Anglia), which experienced a 0.7% fall.

block-time updated-timeUpdated at 7.59am BST

block-time published-time 7.49am BST

Here's the top line of Nationwide's house price survey:

block-time updated-timeUpdated at 7.50am BST

block-time published-time 7.44am BST

Introduction: UK house prices slowdown continues

Good morning, and welcome to our rolling coverage of the world ***economy***, the financial markets, the eurozone and business.

Britain's housing market remains in the doldrums, according to a new industry survey which shows London prices have now fallen for eight quarters in a row.

With demand subdued, and Brexit uncertainty rife, annual house prices across the UK only rose by 0.5% in the 12 months to June, a four-month low.

That's down by 0.6% a month ago, meaning that the slowdown that began after the EU referendum in 2016 is persisting.

Prices inched up by a sickly 0.1% in June alone, pushing the average price of a UK dwelling to £216,515.

The Nationwide Building Society, which compiles the data, says the market is "subdued" -- potentially good news for those trying to get onto the housing ladder, but also a sign of weak ***economic*** activity.

The slowdown is being driven by action (or lack of it) in the capital and the surrounding area.

London house prices are down 0.7% in the last year, while they've declined by 1.8% in the Outer Metropolitan Area (the commuter belt around London) and by 1.6% in the South East.

Robert Gardner, Nationwide's chief economist, predicts that the situation won't change for some time, given ***economic*** uncertainty:

"UK annual house price growth remained below 1% for the seventh consecutive month in June, at 0.5%.

"Survey data suggests that new buyer enquiries and consumer confidence have remained subdued in recent months. Nevertheless, indicators of housing market activity, such as the number of mortgages approved for house purchase, have remained broadly stable.

"Housing market trends are likely to continue to mirror developments in the broader ***economy***. While healthy labour market conditions and low borrowing costs will provide underlying support, uncertainty is likely to continue to act as a drag on sentiment and activity, with price growth and transaction levels remaining close to current levels over the coming months.

More to follow....

Also coming up today

Data firm Markit publishes its survey of UK construction companies, which will give fresh insight into the building sector. This PMI is expected to rise, but still languish below the 50-point mark showing stagnation.

Mark Carney has picked a nice day to visit Bournemouth. But he may not enjoy the seaside - instead, the Bank of England governor is speaking at the Local Government Association Annual Conference and exhibition. We'll watch for any comments about the housing market, the UK ***economy***, interest rates or Brexit.

We'll also track the financial markets, after Wall Street closed at a record high last night.

The agenda

- 9.30am BST: UK construction PMI for June (expected to rise to 49.2, from 48.6, still showing contraction)
- 3pm BST: Bank of England governor speaks in Bournemouth.

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false true https://media.guim.co.uk/407877a71b177b46286c79b53c76bb6ad5c58958/0_341_5472_3283/500.jpg false en Finally, here's our news story on Mark Carney's speech: Goodnight! In a surprise twist tonight, IMF chief Christine Lagarde has been officially proposed as the next president of the European Central Bank. She'd replace Mario Draghi, whose term expires in November, just as the eurozone ***economy*** weakens. It's part of an agreement carved up by EU leaders after days of talks in Brussels. Germany's Ursula von der Leyen is to become the next Commission president, while Belgium's Charles Michel gets the European Council top post. You can read Mark Carney's speech online, here (complete with words, charts and a bit of Shakespeare). Mark Carney's gloomy prognosis is bad for the pound, and thus good for international companies listed in London. The FTSE 100 index of top blue-chip shares has just closed, up 61 points or 0.8% at 7559. That's its highest level since the end of August 2018. Multinational consumer goods group Reckitt Benckiser is the top riser, up 3.5%, followed by plumbing and heating products maker Ferguson. Their overseas earnings are worth more when the pound is weaker. However, the FTSE 250 index of medium-sized, UK-focused companies has ended the day flat. They don't benefit as much from a weaker pound. Sterling has lost ground against most other currencies today - just in time to hit summer holidaymakers in the pocket. Mark Carney's audience have been tweeting too: Ouch! Governor Carney has also warned his audience in Bournemouth that the UK ***economy*** seems to have slowed very sharply in the last quarter.

He says: Growth in the second quarter will be considerably weaker, in part due to the absence of that stock building effect and Brexit-related, temporary shutdowns by several major car manufacturers. Recent data also raise the possibility that the negative spillovers to the UK from a weaker world ***economy*** are increasing and the drag from Brexit uncertainties on underlying growth here could be intensifying. The latest surveys point to no growth in UK output. Looking across the first half of the year, in my view, underlying growth in the UK is currently running below its potential, and is heavily reliant on the resilience of household spending. This is a timely warning, as we learned today that construction shrank at the fastest pace in a decade last month. Mark Carney is also cautioning against getting too optimistic about Washington and Beijing striking a trade deal: The intensification of trade tensions has increased the downside risks to ***global*** and UK growth. In this regard, the news at the weekend that the US and China agreed to restart trade talks is welcome - though as we have learnt, progress today is no guarantee of progress tomorrow. Mark Carney has also produced these charts, which explain why the Bank is worried about a 'a sea change in financial markets' that could shipwreck the world ***economy*** - if a ***global*** trade war explodes into ***life***. He cautions: All in all, the risks to the ***global*** ***economy*** have shifted to the downside. But to what extent? Does the sea change in financial markets presage a sea change in the ***global*** ***economic*** outlook? And what does the UK experience suggest? A lot will rest on the scale and breadth of the trade effects. Perhaps inspired by the view of Bournemouth harbour, Mark Carney told his audience that: In recent months, there has been a sea change in financial markets driven by growing concerns over the ***global*** ***economic*** outlook. The pound has fallen below $1.26 since Mark Carney's speech hit the wires, down half a cent at a two-week low today. Reuters suggests this sentence from the governor's speech, talking about a 'near term policy response' may be responsible: For now, a ***global*** trade war and a No Deal Brexit remain growing possibilities not certainties. Monetary policy must address the consequences of such uncertainty for the behaviour of businesses, households and financial markets. In some jurisdictions, the impact may warrant a near term policy response as insurance to maintain the expansion. However, it's not clear which 'jurisdictions' Carney means. It could be the UK, or it could be the US - where the Federal Reserve is under pressure to cut borrowing costs. Newsflash: Mark Carney, the governor of the Bank of England, is warning that a ***global*** trade war could 'shipwreck' the ***global*** ***economy***. Speaking in Bournemouth, Carney explains that trade wars are now the top risk worrying investors, with America threatening Mexico and Europe with new tariffs, on top of its ongoing clash with China. Protectionism is on the rise, the governor warns the Local Government Association Annual Conference: Initially motivated by concerns over bilateral trade imbalances, trade measures are now being taken in response to issues ranging from immigration to Intellectual Property protection to control of the technologies underpinning the Fourth Industrial Revolution. It has even become fashionable for some to speak of a new Cold War. That bears a moment's reflection for a lot has changed. At the height of the Cold War, US-USSR trade was worth $2 billion a year; today, US-Chinese trade clocks $2 billion a day. More broadly trade in intermediate goods and services has doubled since the fall of the Berlin Wall, and production has become increasingly integrated across borders. The longer current tensions persist, the greater the risk that protectionism becomes the norm. Once raised, tariffs are usually slow to be lowered. Consider that half a century ago the US imposed tariffs on light trucks due to a dispute over chicken exports to Europe. While the chickens were soon forgotten, the truck tariffs remain in place. Carney also tells his audience that fears of a no-deal Brexit have also risen in recent weeks. He says: But ***global*** trade tensions are not the only factors influencing UK financial conditions. They also remain highly sensitive to the perceived probabilities of different Brexit outcomes. That's because asset prices are mean expectations, reflecting the weights that market participants place on every possible outcome. Over the past two months, markets have placed a growing weight on the possibility of No Deal, with the betting odds doubling to almost one in three: The governor warns that the Bank would not "automatically" cut interest rates if this happened: A No Deal outcome would result in an immediate, material reduction in the supply capacity of the UK ***economy*** as well as a negative shock to demand. There is little monetary policy can do to offset the former. A major negative supply shock is extremely unusual in advanced ***economies*** - the last one was the 1970s oil shock, even if the possibility of the next one is brewing in the Twittersphere Fiscal policy (government spending) would also need to be deployed to help the ***economy***, he added. For now, a ***global*** trade war and a No Deal Brexit remain growing possibilities not certainties, Carney points out, concluding: Whether current trade tensions shipwreck the ***global*** ***economy*** or prove to be a tempest in a teacup will have an important influence on the outlook for growth and inflation in the UK. However trade tensions evolve and the Brexit process unfolds, UK monetary policy will remain guided by the constancy of the inflation target. Over in New York, the stock market has opened gingerly as trade war optimism fades. The S&P 500 index, which closed at a record high last night, has dipped by 3 points or 0.1%. The Dow Jones industrial average is also in the red, down 50 points or 0.2% at 26,666. Yesterday stocks rallied on relief that the US and China had agreed to resume trade talks. Today, though, investors are noting that Donald Trump is now threatening tariffs on $4bn of European goods -- including cheese and whisky - in a long-running row over subsidies granted to aeroplane-makers. Today's slump in construction activity comes just a day after British factories reported their worst contraction in six years. So is the UK already heading into recession? Economists professor Costas Milas of Liverpool University thinks it will be close, telling us: The PMI data for Construction and Manufacturing raise the possibility of the start of a UK recession (i.e. two successive quarters of negative GDP growth). Although the PMI data looks bad, there is some reasonable good news elsewhere. According to fresh Bank of England data, "divisia money growth" is holding up well at 4% per annum and, at the same time, ***economic*** policy uncertainty is no worse (or any better) than what it was in the beginning of the year. "Divisia money growth" weights different forms of money according to their likelihood of being spent (hence, notes and coins have a higher weight than money held in mutual funds, for example). Divisia money also tracks GDP movements quite well. Divisia money and policy uncertainty developments point to GDP growth of 1.44% per annum for 2019Q2 (which is lower than the 1.59% estimate produced by the Bank of England in May) and zero quarter-on-quarter growth for 2019Q2. So, fingers tightly crossed, we might avoid recession.... Professor Milas also reckons the Bank of England could be forced to cut interest rates in the next couple of months, to head off a downturn. More here. Heads-up: Rating agency Moody's has now weighed in on Brexit, warning that No Deal would probably drive Britain into a recession. In its annual credit analysis of the UK, Moody's has ratcheted up its warnings about leaving the EU without an agreement. It warns that: Such an outcome would be very disruptive to current UK-EU trading arrangements and have a material, negative impact on the UK ***economy*** and on the ***economies*** of certain EU member states," [I imagine that the Republic of Ireland is high on that list of EU states] Moody's also warned that the UK could be downgraded, "if the ***economic*** impact of Brexit is more severe than it currently expects, such as in a no-deal scenario." Something for Boris Johnson and Jeremy Hunt to ponder, as they continue to insist that they'd take Britain out of the EU without a deal, despite fears it would cost jobs, wipe out businesses, undermine the pound and drive up inflation. Investing legend Warren Buffett has long warned against buying shares when a company floats on the stock market. Buffett's argument is that IPOs are over-priced, especially when cutting-edge companies come to market during a "hot" period. He also reckons it's a "mathematical impossibility" that a new IPO can provide the best value, given the imbalance between knowledgable sellers and less- knowledgable buyers. Anyone who took part in Funding Circle's flotation last October will agree. They paid 440p per share, but have seen their investment slump to just 123p today (down 25% this session alone) following a profits warning from the peer-to-peer business lender Funding Circle, which lets investors lend directly to small businesses, slashed its revenue growth forecast in half -- and suggested Brexit was to blame. Samir Desai, Funding Circle's chief executive and co-founder, said: "The uncertain ***economic*** environment has reduced demand from small businesses and led us to proactively tighten lending criteria. Here's the full story: Breaking retail news: One of Mike Ashley's chief lieutenants has quit Sports Direct after 28 years working for the retail tycoon. The Press Association has the story: Karen Byers, whom the billionaire called the person who "runs Sports Direct", was described by insiders as the "glue that holds it all together". Her decision to leave with immediate effect was announced to senior store staff and area managers on Monday morning in a conference call, according to sources at the business. It looks like the end of a long relationship between the pair. As PA explains: Mr Ashley hired Ms Byers following a takeover nearly three decades ago, not long after she was said to have sold him a pair of jeans. The 51-year-old has kept out of the spotlight, although she did face the cameras when Sports Direct invited journalists to visit its Shirebrook warehouse in Derbyshire. Here's my colleague Philip Inman on today's building sector gloom: Britain's construction industry slumped to its worst monthly performance in more than 10 years in June as building firms blamed the Brexit crisis for a lack of new work. Housebuilders joined civil engineering firms and commercial building contractors to warn that a wait-and-see approach to commissioning new projects across the public and private sectors had hit the industry. Most construction firms reported hanging on to their staff to be ready for a conclusion to the Brexit talks, but in the meantime the general slowdown in the ***economy*** and the possibility of leaving the EU without a deal was dampening demand. The IHS Markit/Cips construction purchasing managers' index (PMI) plunged to 43.1, the lowest reading since April 2009 when the country was gripped by the ***global*** financial crisis. A PMI figure below 50 shows the sector contracted. More here: Britain's construction woes have even jolted the bond market. Investors have driven down the yield, or interest rate, on 10-year UK government bonds to just 0.76%. That's a three-year low. Low borrowing costs sounds like a good thing, especially for a country running a budget deficit. Yields move inversely to prices, so investors are paying more to hold UK-backed bonds. But unfortunately, it suggests the City is pessimistic about UK growth prospects, and seeking the safety of government debt. With construction activity falling, it may be harder to get a job at a building firm. Bosses told Markit that there has been a "marginal" drop in workforce numbers, often due to "the non-replacement of voluntary leavers". The pound has also dropped against the euro, to (EURO)1.116, close to its lowest level since January. Sam Cooper, vice-president of Market Risk Solutions at Silicon Valley Bank, says investors are shunning sterling: "The extremely disappointing construction PMI reading is further evidence that Brexit concerns are manifesting in ***economic*** data. Sterling's attraction continues to diminish as weak ***economic*** data paired with political uncertainty weigh on the value of the currency" Economist Sam Tombs of Pantheon says Brexit uncertainty is having an increasingly painful impact on UK construction. Only the "pathologically optimistic" observer could expect Britain's construction sector to recover anytime soon, says Blane Perrotton, managing director of property consultancy and surveyors Naismiths. He says: "This is less of a slide than a sledgehammer. After licking its wounds from a lean May, the construction industry has once again been ambushed by plummeting investor demand. "In an industry that still bears the scars of the crash a decade ago, the news that output is once again falling as fast as it did in the dark days of 2009 will send a chill down many builders' spines. "Apart from a brief flurry of stockpiling in advance of March 29th - what should have been Brexit Day - the first half of 2019 has been grim across much of the construction sector. Simon Harvey of currency exchange firm Monex Europe agree that June's construction PMI is much worse than feared. Today's grim construction PMI report has hurt the pound, sending sterling to a two-week low of $1.261 against the US dollar. Michael Hewson of CMC Markets says the City is alarmed to see UK construction falling at the fastest rate since April 2009 -- during the last recession. He explains: On the currencies front the pound is amongst the worst performers after a shocking miss in the latest construction PMI for June saw ***economic*** activity slide to 43.1, its weakest level since April 2009. There is no sugar-coating these numbers, they are awful. Far from seeing an improvement to 49.2, from 48.6, activity has collapsed with the home building sub component turning negative for the first time in 17 months. It would appear that the recent stalling of house prices is seeing a slowdown in this particular sector. New orders also fell sharply as the Brexit limbo puts companies off any imminent plans to make long term investments. It also calls into question the Bank of England thinking that a rate rise is more likely than a rate cut. The news that Britain's construction sector just suffered its worst month in a decade has alarmed commentators and investors. Here's some snap reaction: Today's PMI report shows clearly that UK construction activity has taken a nasty tumble in the last few months: Duncan Brock, Group Director at the Chartered Institute of Procurement & Supply, says building firms are trapped in "quicksand" by political uncertainty: "Purchasing activity and new orders dropped like a stone in June as the UK construction sector experienced its worst month for a decade. "This abrupt change in the sector's ability to ride the highs and lows of political uncertainty shows the impact has finally taken its toll as new orders dried up and larger contracts were delayed again. The pain of Brexit indecision was felt across all three sub-sectors but the previously resilient housing sector suffered the fastest drop in three years which is frankly worrying news Tim Moore, associate director at IHS Markit, says building companies are suffering from the lack of clarity over Britain's future: Delays to new projects in response to deepening political and ***economic*** uncertainty were the main reasons cited by construction companies for the fastest drop in total construction output since April 2009. While the scale of the downturn is in no way comparable that seen during the ***global*** financial crisis, the abrupt loss of momentum in 2019 has been the worst experienced across the sector for a decade. "Greater risk aversion has now spread to the residential building sub-sector, as concerns about the near-term demand outlook contributed to a reduction in housing activity for the first time in 17 months. "Construction companies reported a continued brake on commercial work from clients opting to postpone spending, with decisions on new projects often pending greater clarity about the path to Brexit. Latest data meanwhile indicated another sharp fall in civil engineering, which also reflected delayed projects and longer wait times for contract awards. UK builders also reported that new orders dropped at the fastest rate in over 10 years, while demand for construction products and materials fell at the sharpest pace since the start of 2010. Britain's construction sector suffered as "sharp drop in momentum" last month, says data firm Markit. In a very worrying healthcheck on the construction sector, Markit has found that business activity and incoming new work both fell at the fastest pace for just over 10 years. Housebuilding, commercial construction and big civil engineering work all contracted during the month -- a bad sign for the whole construction sector. Builders across the country blamed "risk aversion among clients in response to heightened political and ***economic*** uncertainty." That suggests people are simply unwilling to take risks while they don't know how the Brexit crisis will be resolved. This has dragged the IHS Markit/CIPS UK Construction Total Activity Index down to just 43.1 in June, down sharply from 48.6 in May. Any reading below 50 shows a contraction, and this shows the steepest reduction in overall construction output since April 2009. The fall in house building was the largest reported for three years, which construction companies linked to weaker demand conditions and concerns about the outlook for residential sales. NEWSFLASH: Construction output in the UK has fallen at the steepest rate since April 2009! That's according to data firm Markit, and its latest survey of purchasing managers. More to follow..... There's not much warmth in this new heatmap of Britain's housing market, from Nationwide this morning: Lucy Pendleton, director of estate agents James Pendleton, agrees that the political deadlock since the EU referendum has deterred some house-buyers. "Nationally, it's no coincidence that this is the seventh consecutive month of sub-1% annual growth on the third anniversary of the Brexit vote. Growth has been slowing steadily ever since the summer of 2016 as political upset has trimmed people's risk appetite. The threat of a no-deal Brexit this autumn is hurting the UK housing market, says Andrew Montlake, director of mortgage broker Coreco. "The impact of political events on sentiment has been palpable in recent weeks and this is reflected in the June house price index. "In April and May, there was a renewed vigour among buyers and sellers alike as the March 29 Brexit deadline passed. "In June, demand dropped off again following the resignation of Theresa May and the increased likelihood of a no-deal Brexit. "There's without doubt a degree of Brexit apathy out there driving transactions but no-deal is increasingly at the back of people's minds. Here's a full breakdown of UK house prices by region. As you can see, London property remains much pricier than the rest of the UK. Despite falling for the last two years, prices in the capital are still only around 5% below the all-time highs recorded in early 2017 -- and around 50% higher than in 2007 (compared to 17% higher across the whole UK). Economist Howard Archer of the EY Item Club predicts that Brexit uncertainty will keep dragging the UK housing market back. We believe with Brexit being delayed until 31 October - and it currently very unclear what will happen then - and the domestic UK political situation unsettled, prolonged uncertainty will weigh down on the ***economy*** and hamper the housing market. Consumers may well be particularly cautious about committing to buying a house, especially as house prices are relatively expensive relative to incomes. Indeed, consumer confidence dipped in June. Also it looks questionable whether the labour market and earnings growth will sustain their recent strength as companies tailor their behaviour to a lacklustre domestic ***economy***, prolonged Brexit uncertainties, an unsettled UK political situation and a challenging ***global*** environment. Britain's housing market is stuck "in limbo" awaiting some political and ***economic*** direction and certainty, says Jeremy Leaf, north London estate agent Leaf also reports that some sellers are accepting offers well below their asking price, a sign that the market is subdued: 'At the sharp end, many buyers in particular are still cautious but looking beyond 31st October whereas successful sellers are facing up to sometimes unpalatable offers in order to move on.' House prices across England are "effectively flat" over the last year, says Nationwide. In Scotland, prices have rise by 0.4%, slightly below the national average of 0.5%. Northern Ireland is the strongest performing home nation for house prices, with annual price growth rising to 5.2%. In Wales, prices rose 4.2% in the last year. The long-running gap between house prices in the North and the South of England has narrowed since the Brexit vote, today's survey shows. While prices keep falling in London, Yorkshire & Humberside was the best performing region with prices up 3% over the last year. Nationwide says: "House price growth across northern England (North, North West, Yorkshire & Humberside, East Midlands and West Midlands) averaged 2.1%, remaining ahead of that in the south (London, Outer Metropolitan, Outer South East and East Anglia), which experienced a 0.7% fall. Here's the top line of Nationwide's house price survey: Good morning, and welcome to our rolling coverage of the world ***economy***, the financial markets, the eurozone and business. Britain's housing market remains in the doldrums, according to a new industry survey which shows London prices have now fallen for eight quarters in a row. With demand subdued, and Brexit uncertainty rife, annual house prices across the UK only rose by 0.5% in the 12 months to June, a four-month low. That's down by 0.6% a month ago, meaning that the slowdown that began after the EU referendum in 2016 is persisting. Prices inched up by a sickly 0.1% in June alone, pushing the average price of a UK dwelling to £216,515. The Nationwide Building Society, which compiles the data, says the market is "subdued" -- potentially good news for those trying to get onto the housing ladder, but also a sign of weak ***economic*** activity. The slowdown is being driven by action (or lack of it) in the capital and the surrounding area. London house prices are down 0.7% in the last year, while they've declined by 1.8% in the Outer Metropolitan Area (the commuter belt around London) and by 1.6% in the South East. Robert Gardner, Nationwide's chief economist, predicts that the situation won't change for some time, given ***economic*** uncertainty: "UK annual house price growth remained below 1% for the seventh consecutive month in June, at 0.5%. "Survey data suggests that new buyer enquiries and consumer confidence have remained subdued in recent months. Nevertheless, indicators of housing market activity, such as the number of mortgages approved for house purchase, have remained broadly stable. "Housing market trends are likely to continue to mirror developments in the broader ***economy***. While healthy labour market conditions and low borrowing costs will provide underlying support, uncertainty is likely to continue to act as a drag on sentiment and activity, with price growth and transaction levels remaining close to current levels over the coming months. More to follow.... Also coming up today Data firm Markit publishes its survey of UK construction companies, which will give fresh insight into the building sector. This PMI is expected to rise, but still languish below the 50-point mark showing stagnation. Mark Carney has picked a nice day to visit Bournemouth. But he may not enjoy the seaside - instead, the Bank of England governor is speaking at the Local Government Association Annual Conference and exhibition. We'll watch for any comments about the housing market, the UK ***economy***, interest rates or Brexit. We'll also track the financial markets, after Wall Street closed at a record high last night. 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