



# CHN

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## News in Review

23 October 2024

*"Welcome news for millions of families"*



**Data released by the Office for National Statistics (ONS) showed that the Consumer Prices Index (CPI) rate of inflation fell to its lowest rate in three and a half years in September. Easing to 1.7%, the rate dipped well below the Bank of England's (BoE's) 2% target.**

Analysts had widely predicted a fall from the 2.2% recorded the previous month, to 1.9%. This larger than anticipated fall now potentially paves the way for an interest rate reduction at the next Monetary Policy Committee (MPC) meeting in November.

Prime contributors to the reduction in CPI came from the transport sector, *'with larger negative contributions from air fares and motor fuels,'* according to ONS. Meanwhile, the main upward contributors were food and non-alcoholic beverages. Services inflation overall sank to its lowest level since May 2022 at 4.9% in the 12-month period to September 2024, down from 5.6% in August.

Darren Jones, Chief Secretary to the Treasury commented that the reduction in the pace of price rises would be, *"Welcome news for millions of families,"* adding that the government is *"focused on bringing back growth and restoring economic stability to deliver on the promise of change."*

September's inflation rate is typically used to set April's increase in benefits such as Universal Credit, Jobseeker's Allowance, Housing Benefit and Maternity Allowance. However, the government is yet to confirm this, it is likely to be referenced during the Budget on 30 October.

Pensions are still set to increase by 4.1% due to the triple lock.

### **More positive news... an upturn in retail sales**

ONS data released on Friday shows UK retail sales increased in September, with figures highlighting a 0.3% rise in volumes during the month, despite economists' predictions of a 0.4% reduction.

Combined with stronger gains in July and August, sales rose by 1.9% in Q3, the joint largest increase since mid-2021. Healthy gains were experienced by computer and telecommunication retailers, supported by Apple's launch of the new AI focused iPhone 16 and updated Apple Watch and AirPods. This growth was offset by weakness in supermarket sales volumes which fell by 2.4% during the month, *'the largest month-on-month fall for food stores this year,'* according to ONS. Retailers suggest unseasonably poor weather and cutting back on luxury food items, as prime detractors from growth.

Hannah Finselbach, ONS Senior Statistician commented on the dataset, *"Retail sales grew in September as tech stores reported a notable rise in sales... These were only partially offset by a poor month for supermarkets, where retailers said bad weather and households continuing to cut back on luxury food items hit sales."*

### **ECB cuts rates (again)**

Last week the European Central Bank (ECB) cut official interest rates by twenty-five basis points in line with

market expectations. The unanimous decision marked the first time in 13 years that the ECB lowered rates at consecutive meetings. The third cut this year, the Frankfurt-based institution lowered its benchmark borrowing rate to 3.25%. The Governing Council said the decision was *'based on its updated assessment of the inflation outlook, the dynamics of underlying inflation and the strength of monetary policy transmission.'* The Council believe that the process of disinflation is *'well on track.'*

### **£570m stolen by fraudsters**

Fraudsters stole over £570m in payment and fraud scams during the first half of 2024, according to UK Finance's Half Year Fraud report. Criminals took £571.7m through both unauthorised and authorised fraud, a 1.5% decrease from the same period in 2023. Unauthorised fraud involves criminals stealing money using a victim's bank details, while authorised fraud occurs when victims are tricked into making transactions themselves. Although banks prevented £710.9m in unauthorised fraud with advanced security systems, the figures show the continuing scale of the problem.

Ben Donaldson, Managing Director of Economic Crime at UK Finance commented, *"Criminals will keep adapting, which means we all need to remain focused on reducing fraud and thereby protect customers and society from the adverse effects of this awful crime."*

### **Here to help**

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.

***The value of investments can go down as well as up and you may not get back the full amount you invested.  
The past is not a guide to future performance and past performance may not necessarily be repeated.  
All details are correct at time of writing (23 October 2024)***