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News in Review

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"Believe in yourself and most importantly, tell others that you do"

The World Economic Forum's (WEF) Annual Meeting in Davos wrapped up on Friday after an eventful week. Coinciding with the inauguration of Donald Trump, the talking shop for world leaders and business bosses featured prominent discussion around trade, Artificial Intelligence (AI) and climate action.

Trade was, unsurprisingly, a hot topic, against the backdrop of new tariffs set to be imposed by the US on countries including Mexico and China. President Trump addressed four global CEOs in a virtual event on Thursday, saying that *"under the Trump administration, there will be no better place on Earth to create jobs, build factories, or grow a company than right here in the good old USA."* Two days earlier, Ding Xuexiang, Vice Premier of China, had delivered a speech in which he stressed that his country was looking for a *"win-win"* solution to trade tensions.

On climate solutions, Johan Rockström, Director of Potsdam Institute for Climate Impact Research (PIK), told an audience there are no extreme weather events that fail to have a human signature. Notably, tensions between AI advances and climate action were apparent. In his virtual address, Trump stated that *"we need double the energy we currently have in the United States for AI to be as big as we want to have it, because it's very competitive."*

In a week dominated by happenings in the US, Europe took a back seat. A headline moment for Europe came from Kristalina Georgieva, Managing Director of the International Monetary Fund (IMF), telling

an audience on Friday, *"my advice to my fellow Europeans is more confidence. Believe in yourself and most importantly, tell others that you do."* The message was backed up by Larry Fink, CEO of Blackrock, expressing his belief that there is too much pessimism around Europe.

A major development in the UK involved an announcement by Chancellor Rachel Reeves that she will amend plans to abolish non-dom status. Specifically, a facility to help non-doms repatriate their funds to the UK will be made more generous. Dave Doogan, the SNP's Economy Spokesperson, called the concession a *"Davos deal for millionaires,"* adding that the Chancellor should be *"listening to the concerns"* of those who had been *"hit by her Budget, instead of the millionaire few who have been lobbying her in places like Davos."*

UK confidence down across the board
Consumer confidence in the UK fell to -22 in January, according to the long-running GfK Consumer Confidence Index, with all measures down in comparison to last month's figures.

The overall five-point fall comes from decreases in perceptions of personal financial situation (past and future), the general economic situation (past and future) and whether now is the right time to make major purchases.

Commenting on the release, Neil Bellamy, Consumer Insights Director, NIQ GfK, said, *"New Year is traditionally a time for change, but looking at these figures, consumers don't think things are changing for the better. This month's results show a decline in all five*

measures that make up the Overall Index Score."

He continued, *"There are particularly steep falls in consumer views on the wider UK economy, both looking back a year (down seven points) and at what's in store for the next 12 months (eight points lower). These figures underline that consumers are losing confidence in the UK's economic prospects."*

Gloomy sentiment in UK manufacturing

Sentiment across the manufacturing sector also fell at its fastest pace in more than two years in January, according to data released last Thursday by the Confederation of British Industry (CBI).

Despite the gloomy mood, the release showed that output volumes dropped less sharply in the quarter to January than they had in the quarter to December, although output is expected to fall further in the three months to April. CBI's Industrial Trends Survey pointed to increased cost pressures and deteriorating investment intentions for the year ahead as causes for the slowdown.

London's top-performing rental market
Rents in London grew by an average of 4.3% in 2024, according to internal data released last week by Benham and Reeves. Shoreditch (6.6%) and Canary Wharf (5.9%) experienced the highest growth; other strong performers included Ealing (5.9%), Kew (5.8%) and Hampstead (5.7%).

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 (29 January 2025)

