



CHN

FINANCIAL CONSULTANCY

CHN House, 1 John Charles Way,
Gelderd Road, Leeds, LS12 6QA

0113 3878240

info@chnfc.co.uk

www.chnfc.co.uk

News in Review

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"Another month of growth for UK car production is welcome news"



New data from the Society of Motor Manufacturers and Traders (SMMT) has revealed that UK car production increased by 14.6% in February, marking the six consecutive month of growth in the sector and the best February performance since 2021.

Almost 80,000 units were manufactured in February, driven by output for the domestic market, which surged 58% in the month, while exports rose 4.6%. The EU was the recipient of the largest proportion of exports (59.9%) followed by the US (14.8%) and China (7.1%).

Electrified vehicles (battery electric, plug-in hybrid and hybrid) represented over a third of output (36.3%) with 29,038 manufactured in the month.

SMMT Chief Executive, Mike Hawes commented on the news, *"Another month of growth for UK car production is welcome news, reflecting strong demand at home and around the world for the latest British-built cars. The industry is transitioning from internal combustion engine cars to electrified vehicles, building on the massive investment commitments made last year. The UK industry faces stiff competition, however, as global competitors seek to secure new models and technologies so a commitment to our industrial competitiveness, from all political parties in this likely election year, must be maintained."*

Revised UK growth

Revised official data released last week confirmed the UK fell into a recession during the second half of last year.

According to the Office for National Statistics (ONS), revised UK gross domestic product (GDP) reduced by 0.3% in Q4 2023, following a decrease of 0.1% in Q3. The recession that the UK entered last year was a little shallower than first thought. The economy still shrunk for two consecutive quarters, but the total contraction over those six months was revised from 0.5% to 0.4%. Overall, the UK economy grew by 0.1% across the whole of 2023.

Chancellor Jeremy Hunt commented on the data, *"I don't think any of us were expecting the economy to actually grow last year... In fact it did, albeit at a very slow rate... that is a testament to the resilience of the economy but also the fact the government took some very difficult decisions early on to make sure we got the economy back on track."*

And in the US...

The final estimate from the Bureau of Economic Analysis (BEA) has shown that US GDP rose 3.4% in Q4 year-on-year, revised up from 3.2%. According to the BEA the faster growth can be attributed to upward revisions in consumer spending and non-residential fixed investment.

Mortgage Charter makes a difference

Introduced in June 2023, the Mortgage Charter was signed by around 90% of mortgage market participants (48 of the largest lenders) and contained commitments over and above Financial Conduct Authority (FCA) requirements, that lenders elected to adhere to. Commitments include allowing customers

to lock in a new deal up to six months before the end of a fixed rate deal. New data released from the FCA has highlighted that between July 2023 and January 2024, around 760,000 accounts have *'benefited from one or more of the options set out in the Charter.'*

Retail sales flat

With poor weather and financial pressures taking their toll, retail sales flatlined in February, registering zero growth. Falling fuel and food sales were offset by an uptick in clothing sales and positive department store sales, as shoppers stocked up on new clothing for the spring. According to the ONS, sales in household goods also fell. Although the wet weather dampened high street sales, online retailers benefited, especially clothing retailers.

Recently registering the fourth wettest February, according to the Met Office, weather is having a real impact on retail. Director of Food and Sustainability at the British Retail Consortium (BRC), Andrew Opie said that retailers are increasingly having to manage the effects of climate change, which has created more variability in the weather, adding *"Without action, there is a real risk of food insecurity due to falling global farm yields and increased threats to global supply chains."*

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 (3 April 2024)