



# CHN

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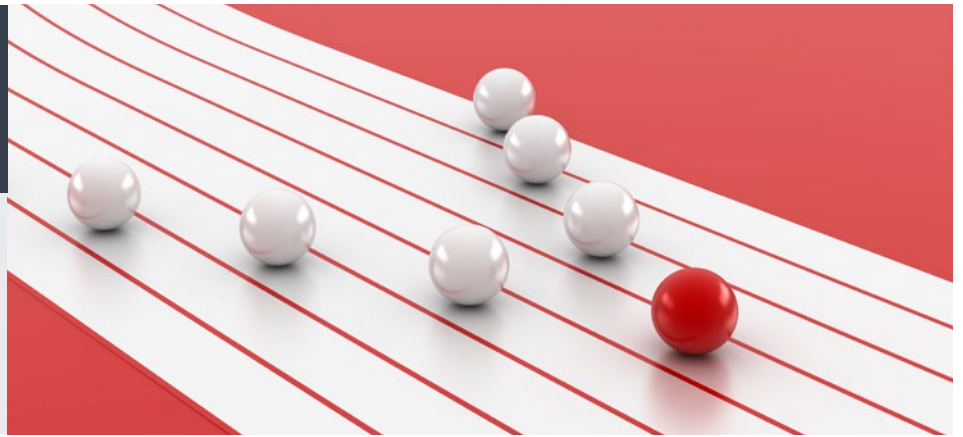
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## News in Review

11 September 2024

*"While the UK economy will perform better this year, it's unlikely to be heading into the fast lane any time soon"*



**The UK economy will now grow at a faster rate than previously thought in 2024, according to a report by the British Chambers of Commerce (BCC) released last week.**

The upgrade to 1.1% for 2024 came after official figures put second-quarter growth at 0.6%, a sign that the UK is continuing its recovery from a shallow recession in 2023. In its new release, the BCC also revised upwards its prediction for 2026 to 1.1% (previously 1%), while keeping its 2025 forecast unchanged at 1%.

Despite upgrading the growth forecast, the report cautioned that the UK's overall growth landscape remains relatively weak. Government spending has been the main driver of GDP growth this year, the BCC noted. Business investment is now predicted to increase by only 0.3% in 2024, a downwards revision from the previous forecast. In 2025, it will grow by 1.4%, according to the BCC, before reaching 2.0% in 2026. The services sector is projected to lead the way, with yearly growth above 1% across the forecasting period.

Still, the revision from a previous projection of 0.8% for 2024 signals greater optimism for the UK economy. With lower inflation and interest rate cuts expected to take effect in 2025, the body expects a rosier picture for household consumption in the coming years.

Commenting on the release, Vicky Pryce, Chair of the BCC Economic Advisory Council, said, *"The BCC's latest forecast shows that while the UK economy will perform better this year, it's unlikely to be*

*heading into the fast lane any time soon. As we head towards the Chancellor's first Budget at the end of October, businesses will be wanting the government to focus on measures that boost investment, support growth and maintain competitiveness."*

### **House prices at two-year high**

House prices in the UK reached a two-year high in August, the latest House Price Index from Halifax revealed. Prices were up 4.3% last month compared to a year earlier, putting the average cost of a UK home at £292,505 in August, not far below the record high of £293,507 recorded in June 2022. After a recent boost from the Bank of England's first Bank Rate reduction for four years, confidence among buyers has grown considerably, the release noted.

Halifax's Head of Mortgages Amanda Bryden, commented, *"While this is welcome news for existing homeowners, affordability remains a significant challenge for many potential buyers still adjusting to higher mortgage costs."*

### **US jobs data**

Meanwhile in the US, a new report released by the Labor Department last Friday revealed that job growth was weaker than expected last month. In total, employers added 142,000 jobs in August, significantly below the forecasted 160,000. Analysts were quick to raise concerns that higher interest rates are putting a strain on the world's largest economy.

Further compounding the pessimism, the release revised downwards two previous estimates for job gains. More positively,

the unemployment rate fell marginally from 4.3% in July to 4.2% in August. The Federal Reserve is still widely expected to cut interest rates this month; having raised its key lending rate to 5.3% in 2022, it is now in the process of unwinding this 20-year high.

### **UK earnings**

Office for National Statistics (ONS) data, released on Tuesday, showed that annual growth in employees' average regular earnings (excluding bonuses) was 5.1% in May to July 2024 and annual growth in total earnings (including bonuses) was 4.0%. Taking into account inflation, growth for regular pay was 2.2% in May to July 2024 and 1.1% for total pay.

### **The Oasis effect**

The announcement that Oasis is reuniting for a tour in 2025 provoked excitement among music fans and those nostalgic for the 1990s. The biggest cheer, however, may have come from the UK economy.

Analysis from the Centre for Economic Business Research (CEBR), a think tank, estimates that fans will spend hundreds of pounds on costs (excluding tickets) such as hotels, travel, merchandise and drinks. Initial estimates show that in total, the tour will (definitely maybe) boost the UK's economy by £487m, with each fan set to spend an average of £406.

### **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 (11 September 2024)***