



# CHN

FINANCIAL CONSULTANCY

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

 0113 3878240

 [info@chnfc.co.uk](mailto:info@chnfc.co.uk)

 [www.chnfc.co.uk](http://www.chnfc.co.uk)

## News in Review

21 August 2024

*"The UK economy has now grown strongly for two quarters"*



**The UK's economy grew by 0.6% between April and June, according to the latest gross domestic product (GDP) figure released by the Office for National Statistics (ONS) on Thursday.**

After slipping into recession at the end of last year, analysts now say the UK economy has turned a corner and finds itself in a much stronger position for the final two quarters of 2024. The latest rise, which was in line with forecasts, comes after a 0.7% increase in the first three months of 2024.

The services sector powered the UK economy to growth in the second quarter, according to the release, with legal services and scientific research leading the way. Other strong performers included IT, transport, architecture and engineering.

In contrast, manufacturing and construction both saw output fall between April and June. Consumer-facing service output also dropped by 0.1% in Q2 2024, after cost-of-living pressures and poor weather contributed to soggy retail sales.

Overall, however, the GDP figures present a positive picture. Significantly, the UK has now recorded the strongest growth in the G7 group of advanced economies over the past six months. Following the release, sterling edged higher too, with the pound climbing 0.2% against the US dollar.

Commenting on the figures, Liz McKeown, Director of Economic Statistics at ONS, summarised, *"The UK economy has now grown strongly for two quarters, following the weakness we saw in the second half of last year. Growth across the three months*

*was led by the service sector, where scientific research, the IT industry and legal services all did well."*

### **Inflation slightly up**

The UK's inflation rate rose for the first time in 2024, according to another set of ONS data released last week. The Consumer Prices Index (CPI) increased by 2.2% in the year to July 2024, figures showed, with analysts labelling housing and household services as the major cause of upward pressure. Prices of gas and electricity fell by less than they did in 2023.

The latest figures mean that prices are rising faster than in previous months and at a rate slightly above the Bank of England's target of 2%. However, inflation remains well below 2022 and 2023 levels, they were quick to point out.

Grant Fitzner, ONS Chief Economist commented, *"Inflation ticked up a little in July as although domestic energy costs fell, they fell by less than a year ago. This was partially offset by hotel costs, which fell in July after strong growth in June."*

### **Retail optimism**

A third set of ONS figures, released on Friday, painted a hopeful picture for the UK's retail sector, with sales up by 0.5% month on month. This means that, in the three months to July, retail sales were up 1.1% compared with the previous three months, a significant improvement that analysts say bodes well for the rest of 2024.

Non-food stores led the way, after recording a monthly rise of 1.4% in July, thanks in part to substantially improved

department store and sports equipment sales, following high-profile sporting events such as Euro 2024. At the other end of the spectrum, automotive fuel sales fell by 1.9%; excluding fuel, overall sales in July rose by 0.7%. Furthermore, sales at clothing and household goods shops dropped by 0.6%.

Still, with inflation down from its highs in 2022 and 2023, and further Bank Rate cuts expected later this year, analysts are predicting stronger consumer sentiment and spending for the months ahead. Alex Kerr, Economist at consultancy Capital Economics, is one such commentator who expects the trend to continue. *"Lower inflation continues to support real incomes and bolsters consumer confidence,"* he noted, which should pave the way for more sales rises.

### **Uptick in credit card spending**

New data from UK Finance has shone a light on the increase in credit card usage and spending. With 382.1 million transactions in May, a 1.3% year-on-year uptick, the total spend of £21.4bn was a 1.4% increase versus May 2023. In the twelve months to May, outstanding balances on credit card accounts elevated by 8.5%, with just under half (48.9%) of those balances incurring interest.

### **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 (21 August 2024)***