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News in Review

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"We can get through this together"

In a speech from the Downing Street Rose Garden on Tuesday, the Prime Minister told an audience of voters he met along the campaign trail that, while his government may not get everything right, everything it does will be with them in mind.

Keir Starmer said he intends to *"get a grip"* on the problems the country faces and to be *"judged by actions, not words"*, with his key priority being growth and wealth creation. He went on to make it clear that it *"won't be business as usual"* when Parliament returns from recess on Monday, saying that *"things will get worse before they get better"* as he vows to root out *"14 years of rot"*.

Condemning the recent riots which he said have exposed the UK's *"deeply unhealthy society,"* the Prime Minister said the government has *"inherited not just an economic black hole but a societal black hole."*

Referring to the Autumn Budget on 30 October, he issued a warning saying, *"It's going to be painful. We have no other choice, given the situation that we're in. Those with the broadest shoulders should bear the heavier burden."*

Mr Starmer listed a number of key issues the government will be progressing over the remainder of the year including setting up Great British Energy, bringing rail services into public ownership, harnessing AI, levelling up workers' rights and accelerating planning for building homes.

He ended his speech saying the country will need to *"accept short term pain for long term good"* but he believes that *"we can get through this together."*

"Strong personal financial expectations"

The latest Consumer Confidence Index from GfK has shown British confidence held at an almost three-year high in August, supported by improving personal finances sentiment.

The Index, Britain's longest-running measure of economic morale among members of the public, was unchanged in the month at -13, matching July's 34-month high.

Sentiment was also boosted by positivity for major purchases such as furniture and electrical goods, which rose to its highest level since January 2022. The Major Purchase Index registered a three-point increase in the month to -13, eleven points higher than the August 2023 reading.

Client Strategy Director at GfK, Joe Staton said the more positive outlook could potentially be attributed to *"a mortgage-friendly interest rate cut at the beginning of August – and hopes of more to come."*

The improving picture on the personal finance side was offset by a reduction in confidence in the economy. Sentiment about the economic outlook over the next year registered a four-point decrease to -15, the first time since February that economic expectations have weakened. Despite this, Mr. Staton pointed out, *"There are strong personal financial expectations for the coming year... all the key numbers this month are significantly more encouraging than 12 and 24 months ago,"* with sentiment about the economic outlook registering -30 last August.

Energy price cap rise

Last week, as part of the regular three-month review, the independent energy regulator Ofgem revealed an increase in the price cap affecting the units paid for electricity and gas in 28 million homes. In the three-month period from 1 October to 31 December the price will rise by 10%, adding around £12 per month (£149 per year) to an average direct debit bill. Households using the average amount of electricity and gas will have a total annual bill of £1,717. The regulator said the cap rise was a result of a combination of factors including rising prices on the international energy market because of geopolitical tension and extreme weather which have increased competition and demand for gas.

Federal Reserve...

On Friday, US Federal Reserve Chair Jerome Powell gave his much-anticipated keynote speech at the annual Jackson Hole economic symposium in Wyoming. Powell seemed confident that the Fed would achieve a soft landing through controlling inflation and averting a recession, *"while maintaining strong employment."* On rate cuts, he said, *"The time has come for policy to adjust... The direction of travel is clear, and the timing and pace of rate cuts will depend on incoming data, the evolving outlook, and the balance of risks."* The Fed's next meeting is 17-18 September.

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 (28 August 2024)***