



# CHN

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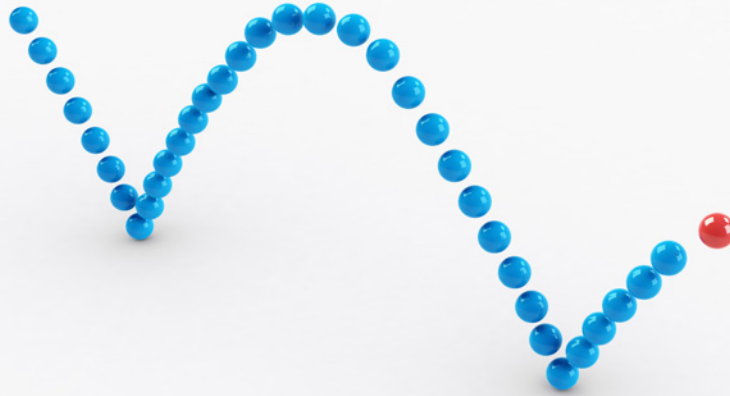
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## News in Review

28 February 2024

*"If you look at recessions going back to the 1970s, this is the weakest by a long way"*



**Last week, Bank of England (BoE) Governor, Andrew Bailey, indicated that the UK recession may already be over, citing "distinct signs of an upturn."**

Comparing current conditions to historical downturns, Mr Bailey commented, *"If you look at recessions going back to the 1970s, this is the weakest by a long way."* He added his opinion that this recession is notably mild, with two successive quarters of negative growth recorded in the second half of 2023 – the standard by which the UK measures a recession – adding up cumulatively to a 0.5% reduction in the country's annual gross domestic product (GDP).

Despite this, the Bank hinted that an interest rate cut isn't likely in the immediate future as it is awaiting additional evidence, particularly in areas like wage growth and job vacancies, to confirm whether inflation has indeed shifted decisively.

The BoE Governor also highlighted the potential for inflation to benefit from a decrease in energy prices. And on Friday, Ofgem, the energy regulator, announced a reduction in the price cap on UK electricity and gas bills. From 1 April until 30 June 2024 the price for electricity and gas for a typical household will reduce to £1,690 per year. This is equal to a reduction of £238 a year, or around £20 a month, for a household using a typical amount of energy. The price cap set between 1 January to 31 March 2024

was £1,928. Ofgem's price cap affects 29 million households in England, Wales and Scotland, while rules differ in Northern Ireland.

Mr Bailey cautioned that while this could temporarily bring overall inflation closer to the BoE's 2% target in the spring, it might escalate over the year. *"We're observing positive trends emerging,"* he remarked. *"However, we require further substantiation of these trends... and that will guide my decision-making moving forward."*

### Consumer confidence

On Friday, the latest UK consumer confidence data from GfK recorded a two-point decrease in February, to a reading of -21 (down from -19 in January), as households continued to be cautious with their spending.

GfK's financial situation indicator year-on-year was down two points to -14 and remains unchanged with a value of 0 for the next 12 months, which is 18 points higher than this time last year.

The general economic situation sentiment over the last 12 months fell two points to -43 (22 points higher than last month), and for the next 12 months is down three points to -24, this is 19 points better than the level recorded in February 2023.

Client Strategy Director at GfK, Joe Staton, commented on the recent data set, *"There's a mixture of bad news and good news for February. The bad news is that the improvement in the Overall Index*

*Score seen over recent months stalled slightly in February because of a fall across most measures. However, the good news is that optimism for our personal financial situation for the next 12 months has not slipped back."*

He continued, *"Although registering again at zero, this is a significant improvement on the -18 score from February last year. This metric is key to understanding the financial mood of the nation because confident householders are more likely to spend, despite the cost-of-living crisis."*

### King Charles banknotes to enter circulation in June

The BoE has announced that new banknotes featuring King Charles will enter circulation on 5 June. The King's image will be on the front and also in the see-through security windows, with other design and security features remaining the same – the reverse side of existing polymer banknotes features Winston Churchill, Jane Austen, JMW Turner and Alan Turing. Shoppers can continue using Queen Elizabeth II notes without interruption and collectors can buy low-numbered notes from the new issues, via auction and a public ballot, with proceeds benefiting charity. The BoE will also allow limited exchanges of old notes for the new King Charles ones starting on 5 June.

### 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 February 2024)***